Stock Code: 8443

SHUI-MU International Co., Ltd.

2025

Annual Report

Website to inquire the annual report

Market Observation Post System Website: http://mops.twse.com.tw

The Company's websitehttp://www.asogroup.com.tw

May 15, 2026

I. The name, title, telephone number, and e-mail address of the spokesman or acting spokesman

Spokesperson: Li-Ling Lo	Title: Deputy General Manager of Commerce Operations Management Center
Tel: (02)6618-9999	E-mail: IR@mail.aso.com.tw
Acting spokesman: LIU,JUI-HSIANG	Title: Deputy Manager of Business Operations Centre
Tel: (02)6618-9999	E-mail: IR@mail.aso.com.tw

II. Address of the Company's Head Office, Branch and Plant, and Tel. Nos.:

Headquarter

Address: 6F, No. 168, Songjiang Rd., Zhongshan District, Taipei City

Tel:(02)6618-9999

Addresses and phone numbers of stores

(please refer to ASO Official Online Store https://www.aso.com.tw/pages/store)

III. The name, address, e-mail address, and telephone number of the agency handling shares transfer

Name: KGI Securities Co., Ltd., Shareholder Service Agency Department

Address: 5F., No.2, Sec. 1, Chongqing S. Rd., Zhongzheng Dist., Taipei City

Website: http://www.kgieworld.com.tw/

Tel: (02)2389-2999

IV. The names of the certified public accountants who duly audited the annual financial report for the most recent fiscal year, and the name, address and telephone number of the accounting firm to which they belong.

Names of the CPAs: Chen, Pei-Chih and Yu, Chih-Lung

Office: KPMG Taiwan

Address: 68F., No.7, Sec. 5, Xinyi Rd., Xinyi Dist., Taipei City

Website: https://home.kpmg/tw/zh/home.html

Tel: (02)8101-6666

V. Name of any exchanges where the Company's securities are traded offshore, and the method by which to access information on said offshore securities: None

VI. Company website: http://www.asogroup.com.tw/

SHUI-MU International Co., Ltd.

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One. Letter to Shareholders

I. Company Overview

From a Footwear Brand to a Professional Service-Oriented Enterprise

Since its establishment, A.S.O. has upheld the spirit of precision craftsmanship and integrity, evolving from traditional shoemaking into a trusted footwear brand with more than seventy years of industry experience.

As demographic aging accelerates and health awareness increases, competition in the footwear industry has shifted from price- and appearance-driven positioning toward comfort, functionality, and preventive health management. Consumer behavior has likewise transitioned from one-time transactions to long-term, trust-based service relationships.

In response to this structural transformation, A.S.O. has redefined its role — from a traditional footwear retailer to a professional service-oriented enterprise centered on mobility management and foot health.

To date, the Company has accumulated over 600,000 foot measurement and professional service records nationwide. This data foundation supports product optimization, service standardization, and membership management strategies, transforming retail stores into mobility management hubs that integrate professional consultation and health advisory services.

In 2026, A.S.O. will continue to focus on channel optimization, multi-brand differentiation, digital capability enhancement, and service institutionalization to strengthen operational resilience and long-term competitiveness.

II. Operating Results

In 2025, consolidated revenue amounted to NT$1,117.95 million, representing a decrease of 1.63% compared to NT$1,136.45 million in 2024.

Consolidated gross profit reached NT$631.78 million, reflecting a year-over-year increase of 1.69%.

The Company recorded a consolidated net loss of NT$97.26 million, compared to a net loss of NT$48.48 million in the prior year.

Operating results did not fully meet original targets, primarily due to cautious consumer spending, short-term restructuring costs associated with channel optimization, and upfront investments in marketing and digital initiatives.

Nevertheless, as a predominantly cash-based retail business, the Company maintains a stable financial structure, and its liquidity and solvency remain sound.

Looking ahead to 2026, the Company will prioritize operational restructuring, margin improvement, and cash flow stability in order to gradually restore profitability and rebuild growth momentum.

III. Industry and Market Environment

Taiwan’s retail industry has entered a phase of structural adjustment. Traffic growth in traditional department stores and street-side districts has slowed, while large-scale, family-oriented shopping malls continue to strengthen their concentration advantages. Digital channels are exerting increasing influence over purchasing decisions.

Competition is shifting from short-term promotional intensity toward structural capabilities, including professional expertise, service depth, and membership management.

At the regulatory level, stricter consumer protection regulations, personal data protection requirements, and information security standards demand stronger compliance systems. Meanwhile, macroeconomic uncertainty, inflationary pressures, and global supply chain volatility continue to present operational challenges.

A.S.O. addresses these conditions through disciplined governance, prudent financial management, diversified channel strategy, and flexible inventory control mechanisms.

IV. Channel Strategy Upgrade and Service Scenario Enhancement

In 2026, A.S.O. is implementing a dual strategy of “Channel Rebalancing” and “Service Scenario Deepening,” clearly defining complementary roles among street stores, shopping malls, and e-commerce platforms.

Street Stores are transitioning from scale-driven expansion to productivity-focused management, positioning each location as a professional consultation center and long-term customer relationship hub.

Shopping Malls serve as primary entry points for new customer acquisition and brand elevation through experiential displays and standardized service processes.

E-commerce (BESO) functions as the digital growth engine, integrating content management, social engagement, and data analytics to enhance customer lifecycle management.

The objective is not expansion of scale, but role clarity and resource efficiency, converting traffic into long-term relationship assets.

V. Digital Transformation and OMO Implementation

Digital capability has become a foundational pillar of retail competitiveness.

The Company continues integrating customer data, transaction history, and foot measurement records into a unified membership management system to enhance lifecycle marketing precision and operational decision-making.

OMO (Online Merge Offline) integration ensures a consistent service experience across channels, strengthening cross-channel conversion efficiency and customer retention.

Digital transformation is not merely the adoption of tools, but the institutionalization of data-driven management capabilities across the organization.

VI. Foot Health Professional Service System

Foot health has evolved from a product category into a core long-term strategic pillar.

With over 600,000 service records, A.S.O. has built a data-backed professional service ecosystem. Standardized training programs, measurement systems, and five-stage service processes institutionalize expertise beyond individual experience.

This integrated loop of professional services, data assets, and product solutions establishes a sustainable competitive barrier and elevates A.S.O. into a professional service-oriented enterprise.

VII. Product and Supply Chain Enhancement

As market competition shifts from price orientation to value orientation, product structure and supply stability are critical to long-term competitiveness.

The Company continues strengthening high-value functional footwear, professional insoles, and health-related accessories, while enhancing demand forecasting accuracy, inventory turnover efficiency, and quality control standards.

These measures improve margin stability, supply resilience, and operational efficiency, reinforcing a value-driven competitive structure.

VIII. Talent Development and Brand Architecture Upgrade

Sustainable competitiveness depends fundamentally on organizational capability.

A.S.O. continues investing in professional training, leadership development, and cross-functional rotation programs to build a learning-oriented organization.

Simultaneously, the Company has evolved into a multi-brand architecture:

ASO – Value-oriented comfort footwear

ASO+ – Foot health professional services

B.Life – Health-related lifestyle products

BESO – Digital commerce growth platform

This structure enhances market coverage while maintaining strategic clarity and differentiation.

IX. Sustainability and Corporate Governance

Sustainability is embedded in governance and risk management practices.

The Company continues strengthening internal controls, board oversight mechanisms, compliance systems, and information security frameworks to ensure disciplined, transparent, and accountable management.

Operational sustainability is supported by enhanced supply chain management, improved quality standards, and optimized inventory control, reducing volatility and resource inefficiency.

X. Future Outlook

In 2026, the Company will focus on:

1. Strengthening new customer acquisition while maintaining disciplined investment pacing.
2. Deepening membership engagement to enhance customer lifetime value.
3. Optimizing product mix and margin structure to improve profitability quality.

Through structural optimization across brands, channels, and digital capabilities, A.S.O. will transition from scale-driven growth toward value-driven growth.

Under a stable financial foundation and disciplined governance framework, the Company remains committed to delivering sustainable long-term value to shareholders.

XI. 2026 Three Strategic Priorities

1. Market Penetration Expansion – Leveraging shopping malls and BESO as key acquisition channels.
2. Customer Relationship Deepening – Institutionalizing follow-up services and CRM management.
3. Margin Structure Optimization – Enhancing product value and reducing discount dependency.

2026 represents a pivotal year of structural strengthening and growth rebuilding. Through disciplined execution and structural optimization, A.S.O. aims to restore operational stability and reinforce its long-term competitive foundation..

Chairman: Lo, Jung-Yueh

Managerial Officer: Kuo, Hsin-Yi

Accounting Officer: Li, Ching-Feng

March 10, 2026

Two. Company Profile

I. Background information of Directors, Supervisors, President, Vice Presidents, Assistant Vice Presidents, and the heads of various departments and branches

1. Information about directors and supervisors

April 19, 2026 Unit: shares

Title	Nationality of place of domicile	Name	Gender and age	Date of appointment	Term of office	Date first elected	Shareholding as of elected date		Current shareholding		Shares held by spouse and underage children		Shares held in the names of others		Major academic and career achievements	Current positions in the Company and other companies	Spouse or relatives of second degree or closer acting as Directors, Supervisors, or other department heads			Remarks
							Number of shares	Percentage held	Number of shares	Percentage held	Number of shares	Percentage held	Number of shares	Percentage held			Title	Name	Relationship	
Chairman	Taiwan	Jung-Yueh Lo	Male 61-70 years old	2024/6/18	Three years	2007/11/13	7,392,500	11.07%	6,892,500	10.32%	79,271	0.12%	8,410,452	12.59%	EMBA, National Taiwan University Bachelor, Department of Architecture, Chung Yuan Christian University Chairman, SHUI-MU International Co., Ltd. Director, Dali Consulting Co., Ltd. (Samoa) Director, Shuan Yue Shoemaking Ltd. Chairman, Yueh Ya Chuan CO., LTD. Chairman, SHUI-MU Culture and Art Foundation Chairman, Taiwan Chain Stores and Franchise Association (TCFA)	Chairman, SHUI-MU International Co., Ltd. Director, Dali Consulting Co., Ltd. (Samoa) Director, Shuan Yue Shoemaking Ltd. Chairman, Yueh Ya Chuan CO., LTD.	Director Director President	Shui-Mu Lo A-Tou Lin Michelle Kuo	Father Mother Second degree of kinship	
Legal Director	Taiwan	Yueh Ya Chuan CO., LTD	Female 81-90 years old	2024/6/18	Three years	2024/6/18	6,410,452	9.60%	6,910,452	10.34%	0	0%	0	0%	None	Legal Director of SHUI-MU International Co., Ltd.	None	None	None	
		Representative: A-Tou Lin			Three years	2013/06/18	352,682	0.53%	1,172,682	1.76%	297,682	0.45%	0	0%	Literate Director, Yueh Ya Chuan CO., LTD. Chairman, Sister Fellowship, Tianmu Church, the Presbyterian Church in Taiwan	Supervisor, Chian-Hua Construction Co., Ltd. Director, Yueh Ya Chuan CO., LTD.	Chairman	Joseph Lo	Son	
Independent Director	Taiwan	Hsin-Hsiung Lu	Male 71-80s old	2024/6/18	Three years	2018/06/21	0	0%	0	0%	0	0%	0	0%	PhD of Public Health, Saint Louis University, the U.S. Master of Integrated Health Care, Arizona State University Bachelor, Department of Business Administration, Soochow University CEO, Taitung Christian Hospital Superintendent, Taitung Christian Hospital Independent Director, SHUI-MU International Co., Ltd.	CEO, Taitung Christian Hospital Independent Director, SHUI-MU International Co., Ltd.	None	None	None	

Title	Nationality of place of domicile	Name	Gender	Date of election	Term of office	Date first elected	No. of shares held at time of election		No. of shares currently held		Shares held by spouse and underage children		Shares held in the names of others		Major academic and career achievements	Current positions in the Company and other companies	Spouse or relatives of second degree or closer acting as Directors, Supervisors, or other department heads			Remarks
							Number of shares	Shareholding Ratio	Number of shares	Shareholding Ratio	Number of shares	Shareholding Ratio	Number of shares	Shareholding Ratio			Title	Name	Relationship	
Independent Director	Taiwan	Li, Pei-Yuan	Male 61-70 years old	2024/6/18	Note	2023/6/19	0	0%	0	0%	0	0%	0	0%	PhD, Department of Biomedical Engineering, National Cheng Kung University Bachelor, Department of Medicine, National Yang-Ming Medical College Honorable Superintendent, Show Chwan Memorial Hospital Governor, Taiwan Orthopaedic Association Chairman, Taimei Investment Co., Ltd. Supervisor, AIBEDA HealthTech Consulting Co., Ltd. Supervisor, Cogni NU Technologies Co.,Ltd. Chairman, BioDoc Capital Ltd. Director, Hepius Care Inc.	Chairman, Taimei Investment Co., Ltd. Supervisor, AIBEDA HealthTech Consulting Co., Ltd. Supervisor, Cogni NU Technologies Co.,Ltd. Chairman, BioDoc Capital Ltd. Director, Hepius Care Inc.	None	None	None	
Independent Director	Taiwan	Pan, Chin-Shu	Male 51-60 years old	2024/06/18	Note	2024/6/18/19	0	0%	0	0%	0	0%	0	0%	Education: EMBA, College of Management, National Cheng Kung University Work experience/current position : CPA, Crowe (TW) CPAs Director, Eagle Flutter International Co., Ltd. Director, Shinewing Technology Co., Ltd. Chairman, Great River and Endless Ocean Co., Ltd.	CPA, Crowe (TW) CPAs Director, Eagle Flutter International Co., Ltd. Director, Shinewing Technology Co., Ltd. Chairman, Great River and Endless Ocean Co., Ltd.	None	None	None	

2. Major shareholders of corporate shareholders: As shown in the following table

Table 1: Major shareholders of corporate shareholders

Name of legal shareholder	Major shareholders of corporate shareholders
Yueh Ya Chuan CO., LTD	Jung-Yueh Lo
	KUANG,SHU-YING

3. Major shareholders of major shareholders who are corporate: not applicable.
4. Disclosure of the directors' professional qualifications and independence of the independent directors

Qualifications / Name	Professional qualifications and experience	Independence analysis	Number of positions as an Independent Director in other public companies
Jung-Yueh Lo	Please refer to Three, II, I. Information of Directors for the professional qualifications and experience of each director (P.5-P.6) None of the director is in any of the circumstances in the subparagraphs of Article 30 of the Company Act (Note 1)	N/A	0
Representative of Yueh Ya Chuan CO., LTD：A-Tou Lin			0
Hsin-Hsiung Lu		All independent directors meeting the following conditions: 1. Compliance with Article 14-2 of the Securities and Exchange Act promulgated by the Financial Supervisory Commission, and the related requirement of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" (Note 2) 2. Not holding the Company's shares by him/herself (or in others' names), the spouse, or minor children. 3. Not receiving amount of compensations by providing commercial, legal, financial, accounting or related services to the company or any affiliate of the company in the most recent two years.	0
Li, Pei-Yuan			0
Pan, Chin-Shu			0

Note 1: A person who is under any of the following circumstances shall not act as a managerial personnel of a company. If he has been appointed as such, he shall certainly be discharged:
1. Having committed an offence as specified in the Statute for Prevention of Organizational Crimes and subsequently convicted of a crime, and has not started serving the sentence, has not completed serving the sentence, or five years have not elapsed since completion of serving the sentence, expiration of the probation, or pardon;
2. Having committed the offence in terms of fraud, breach of trust or misappropriation and subsequently convicted with imprisonment for a term of more than one year, and has not started serving the sentence, has not completed serving the sentence, or two years have not elapsed since completion of serving the sentence, expiration of the probation, or pardon;
3. Having committed the offense as specified in the Anti-corruption Act and subsequently convicted of a crime, and has not started serving the sentence, has not completed serving the sentence, or two years have not elapsed since completion of serving the sentence, expiration of the probation, or pardon;
4. Having been adjudicated bankrupt or adjudicated of the commencement of liquidation process by a court, and having not been reinstated to his rights and privileges;
5. Having been dishonored for unlawful use of credit instruments, and the term of such sanction has not expired yet;
6. Having no or only limited disposing capacity;
7. Having been adjudicated of the commencement of assistantship and such assistantship having not been revoked yet.

Note 2:
1. Not the government, a juristic person, or a representative thereof, as provided in Article 27 of the Company Act.
2. Not serving as an independent director of more than three other public companies.
3. During the two years before being elected or during the term of office, not having been or be any of the following:
(1) An employee of the company or any of its affiliates.
(2) A director or supervisor of the company or any of its affiliates.
(3) A natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.
(4) A spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under (1) or any of the persons in (2) and (3).
(5) A director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27 of the Company Act.
(6) If a majority of the company's director seats or voting shares and those of any other company are controlled by the same person: a director, supervisor, or employee of that other company.
(7) If the Chairman, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: a director (or governor), supervisor, or employee of that other company or institution.
(8) A director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company.
(9) A professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT$500,000, or a spouse thereof Provided , this restriction does not apply to a member of the remuneration committee of the Company.

5. Diversity and independence of the board of directors

(1) Diversity of the board of directors

The Company has a Nomination Committee. The nomination and selection of board members comply with the Company's Articles of Incorporation and adopt the candidate nomination system. In addition to evaluating the qualifications of each candidate's education and experience, the opinions of stakeholders are referred to, and the "Procedures for Election of Directors" and the “Corporate Governance Best Practice Principles” are complied with to ensure the diversity and independence of directors.

Succession planning of board members and operation

(I) The Company's "Articles of Incorporation" specify that the election of directors adopts the candidate nomination system in a comprehensive manner, and in the "Corporate Governance Best Practice Principles" and "Procedures for Election of Directors" that the composition of the board of directors shall be determined by taking diversity into consideration and formulating an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs. It is advisable that the policy include, without being limited to, the two general standards, namely basic requirements and values, and professional knowledge and skills.

(II) The Company conducts director succession plan continuously, and builds a database of director candidates according to the following standards:

Ethic, responsibility, innovation and decision-making capability; in line with the Company's core values, with professional knowledge and skills that are helpful to the Company's operation and management. Having the experience related to the Company's business, or the professional experience required for future development goals. Expected to provide the Company with a board of directors diverse and meeting the needs of the Company. At least one female director is required, and the overall board of directors' expertise needs to include business management, leadership and decision-making, industry knowledge, information technology, marketing management, finance and accounting, law, and environmental protection. Please refer to page 14 for the implementation of the diversity of the current directors

The selection process of the Company's director candidate list must comply with qualification review and related regulations, to ensure that suitable new director candidates can be selected.

(III)The Company has stipulated the "Rules for Performance Evaluation of Board of Directors;" through the measurement items of performance evaluation, including the alignment of the goals and missions of the company, awareness of the duties, participation in the operation, management of internal relationship and communication, professionalism and continuing education, and internal control, to verify the effective operation of the board of directors while evaluating the performance of directors as a reference for future selection of directors.

Diversity policy of the board of directors

Corporate Governance Best Practice Principles

Article 20

The composition of the board of directors shall be determined by taking diversity into consideration. It is advisable that directors concurrently serving as company officers not exceed one-third of the total number of the board members, and that an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs be formulated and include, without being limited to, the following two general standards:

I. Basic requirements and values: Gender, age, nationality, and culture; it is advisable that the number of female directors accounts for at least one-third of all the directors.
II. Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills, and industry experience.

All members of the board shall have the knowledge, skills, and experience necessary to perform their duties. To achieve the ideal goal of corporate governance, the board of directors shall possess the following abilities:

I. Ability to make operational judgments.
II. Ability to perform accounting and financial analysis.
III. Ability to conduct management administration.
IV. Ability to conduct crisis management.
V. Knowledge of the industry.
VI. An international market perspective.
VII. Ability to lead.
VIII. Ability to make policy decisions.

The specific management objectives and achievements of the Company's diversity policy are summarized below:

Management Objectives	Achievement of the situation
At least one-third of the Board of Directors has expertise in the computer industry, marketing or technology	achieve
At least one-third of the independent directors have legal, financial or scientific expertise.	achieve

Term of the Current Board of Directors:
June 18, 2024 to June 17, 2027 (ROC year 113–116)
Explanation and Measures for Enhancing Gender Diversity on the Board of Directors (if the proportion of directors of any gender does not reach one-third):
The current five-member Board of Directors was elected at the shareholders' meeting on June 18, 2024. Although the proportion of directors of a different gender has not yet reached one-third of the board (i.e., at least two out of five), there is currently one female director, accounting for 20% of the board. While this meets the legal requirements at the time, it still falls short of the one-third threshold. This is primarily due to industry-specific characteristics, which make it challenging to identify qualified candidates within a short time frame.
The composition of the Board of Directors is primarily based on candidates’ professional background, experience, and their ability to contribute to the company’s future development. While there are no specific gender ratio requirements in the selection process, the company is committed to promoting gender equality on the board and has set achieving at least one-third representation of either gender as a long-term goal. To that end, the company will actively seek talent recommendations through various channels, including industry organizations and academic institutions, to enhance board governance effectiveness and implement its board diversity policy. This board’s term will continue until the next board election at the shareholders' meeting in 2027. At that time, the company will adhere to the principle that either gender shall constitute at least one-third of the board, to further strengthen corporate governance and fulfill its commitment to board diversity.

Implementation of the diversity of board members are as the following table:

Core item of diversity / Name of director	Composition									Industry experience			Professional abilities				
	Gender	Age				Nationality	Concurrent employee in the Company	Length of terms as Independent Director		Management administration	Leadership and decision-making	Knowledge of the industry.	Information technology	Marketing management	Finance and accounting	Legal	Environmental protection
		51 to 60	61 to 70	71 to 80	81 to 90			Less than 3 years	7~9 years								
Jung-Yueh Lo	Male			V		Taiwan	V			V	V	V		V	V		V
Representative of Yueh Ya Chuan CO., LTD：A-Tou Lin	Female				V	Taiwan				V		V					V
Hsin-Hsiung Lu	Male		V			Taiwan			V	V	V	V	V	V	V	V	V
Li, Pei-Yuan	Male		V			Taiwan		V		V	V	V	V	V		V	V
Pan, Chin-Shu	Male	V				Taiwan		V		V	V	V	V	V	V	V	V
Proportion of the directors (quantified data)	Female: 20%						Concurrent employees 20%	Independent directors 60%		100%	100%	100%	60%	80%	60%	60%	100%

Note1: The current board of directors consists of five directors (including three independent directors). All of them are outstanding professionals with rich professional and practical experience, and have the abilities of decision-making, business management, operational judgment, crisis management, industry knowledge, and international market outlook. The three independent directors have expertise in financial accounting, law, and marketing management, and the two directors have backgrounds and expertise in financial accounting, technology, and industrial marketing. The implementation of the board diversity policy helps improve corporate governance efficiency and business management performance.

Note 2: Distribution of the tenure and years of service of independent directors: Director Hsin-Hsiung Lu has served as the incumbent for 7 years since June 21, 2018; Director Pei-Yuan Li has served as the incumbent for 2 years since June 19, 2023. Director Chin-Shu Pan served as the incumbent for one year since June 18, 2024. All independent directors have not served for more than three consecutive terms.

The Company's board members are all nationals of the Republic of China, with one independent directors and one female director (accounting for 20% of all directors, respectively). In the future, the Company plans to add more female directors for gender equality. As of the end of 2025, there were one directors aged between51-60, two director aged between 61-70, one director aged between 71-80, one director aged between 81-90. All independent directors have met the requirements of the Securities and Futures Bureau, Financial Supervisory Commission on independent directors. For the educational background, gender, professional qualification, work experience, and other relevant information of each director, please refer to Page 5-6.

(2) Independence of the board of directors

A. For all the members of the board of directors, none of the circumstances listed in Article 30 of the Company Act apply. director Jung-Yueh Lo is a first-degree relative of Director Representative of Yueh Ya Chuan CO., LTD：A-Tou Lin、For the remaining three directors, none of the circumstances listed in Article 26-3 of the Securities and Exchange Act (where more than half of directors are spouses or relatives within the second degree of kinship) apply.

B. All independent directors meet the requirements set by the Financial Supervisory Commission on independent directors, and their independence is stated as follows:

Name	Does the independent director, his/her spouse or relative within the second degree of kinship serve as a director, supervisor, or employee of the Company or its affiliated enterprises	Number and percentage of shares held by the independent director, his/her spouse or relatives within the second degree of kinship (or in the name of another person) in the Company	Does the independent director serve as a director, supervisor, or employee of a company specifically related to the Company	Amount of remuneration received for providing commercial, legal, financial, accounting services to the Company or its affiliated enterprises in the most recent two years
Hsin-Hsiung Lu	No	None	No	None
Li, Pei-Yuan	No	None	No	None
Pan, Chin-Shu	No	None	No	None

(II) General manager, assistant general managers, deputy assistant general managers, and the supervisors of all divisions and branches

April 19, 2026; Unit: shares

Title	Nationality	Name	Gender	Date elected / appointed	at time of election		Shares held by spouse and underage children		Shares held in the names of others		Major academic and career achievements	Concurrent positions in other companies	Spouse or relatives of second degree or closer acting as managers			Remarks
					Number of shares	Percentage held	Number of shares	Percentage held	Number of shares	Percentage held			Title	Name	Relationship	
VP	Taiwan	Li-Ling Lo	Female	99/06/01	100,275	0.15%	0	0%	0	0%	EMBA, National Chiao Tung University Vice President, Finance Division, SHUI-MU International Co., Ltd. Administrative Manager, OLD FARMER (Shanghai) LANDSCAPE ARCHITECTURE CO. Vice Manager, Department of Procurement, SUNPENTOWN INT'L INC.	Supervisor, Shuan Yue Co., Ltd. Director, Chian Hua Enterprise Co., Ltd. Director, Wensu Asset Co., Ltd.	None	None	None	
VP	Taiwan	Ssu-Yu Chen	Female	113/11/01	0	0%	0	0%	0	0%	M.S., Graduate School of Business, Nihon University Department of Industrial Economics, Tamkang University Chief Operating Officer, A-Shou Enterprise Co. Special Assistant to the CEO of Cambo Group General Manager, Yubia Lifestyle Business Co. Senior Consultant, Nomura Research Institute, Inc.	None	None	None	None	
associate	Taiwan	LAU SHUI CHEUNG	Male	112/09/01	23,314	0.03%	0	0%	0	0%	Department of Political Science, National Chung Cheng University Assistant Manager, Deputy Manager of Business Operations Centre Division, A-Shou Enterprise Co.	None	None	None	None	
associate	Taiwan	Jung-Hua Chen	Male	113/11/07	15,000	0.02%	0	0%	0	0%	National Caotun Commercial & Industrial Vocational Senior High School Assistant Vice President of Direct Sales Department and Business Development Department, Shui-Mu International Co., Ltd.	None	None	None	None	

Note: Incumbents as of the publication date of the annual report.

(III) Remuneration to directors, supervisors, President and Vice Presidents

1. Remuneration to Ordinary Directors and Independent Directors for 2025

Unit: NT$ thousand; shares; %

Title	Name	Director's remuneration								The total amounts of items A, B, C, and D and their proportions to net profit after tax				Remuneration received as a staff								The total amounts of items A, B, C, D, E, F, and G and their proportions to net profit after tax				Remuneration received from investee enterprises other than subsidiaries or from the parent company
		Compensation (A)		Retirement Pension (B)		Director remuneration (C)		Fees for services rendered (D)						Salaries, bonuses, special allowances etc (E)		Retirement pension (F)		Employee remuneration (G)								
		The Company	All companies included in the consolidated statements	The Company	All companies included in the consolidated statements	The Company	All companies included in the consolidated statements	The Company	All companies included in the consolidated statements	The company's total amount	The company's proportion	The total amounts of all companies in the financial report	The proportion/share of all companies in the financial report	The Company	All companies included in the consolidated statements	The Company	All companies included in the consolidated statements	The Company		All companies included in the consolidated statements		The company's total amount	The company's proportion	The total amounts of all companies in the financial report	The proportion/share of all companies in the financial report	
																		Amount paid in cash	Amount paid in shares	Amount paid in cash	Amount paid in shares					
Chairman	Jung-Yueh Lo	0	0	0	0	0	0	0	0	3, 336	-3. 43%	3, 336	-3. 43%	4, 131	4, 131	0	0	0	0	0	0	7, 467	-7. 68%	7, 467	-7. 68%	Note
Director	A-Tou Lin	0	0	0	0	0	0	0	0					0	0	0	0	0	0	0	0					
Independent Director	Hsin-Hsiung Lu	1, 000	1, 000	0	0	0	0	75	75					0	0	0	0	0	0	0	0					
Independent Director	Pei-Yuan Li	1, 000	1, 000	0	0	0	0	75	75					0	0	0	0	0	0	0	0					
Independent Director	Pan, Chin-Shu	1, 100	1, 100	0	0	0	0	86	86					0	0	0	0	0	0	0	0					

1.Please describe the policy, system, standards and structure in place for paying remuneration to independent directors and describe the relationship of factors such as the duties and risks undertaken and time invested by the directors to the amount of remuneration paid: please refer to page17.

2.In addition to what is disclosed in the above table, please specify the amount of remuneration received by directors in the most recent fiscal year for providing services (e.g., for serving as a non-employee consultant to the parent company /any consolidated entities / invested enterprises):

Remuneration scale table

Ranges of remuneration paid to the Company's directors	Name of director			
	Sum of the first 4 items (A+B+C+D)		Sum of the first 7 items (A+B+C+D+E+F+G)	
	The Company	All companies included in the consolidated statements	The Company	All companies included in the consolidated statements
Less than NT$1,000,000	Jung-Yueh Lo, A-Tou Lin,	Jung-Yueh Lo, A-Tou Lin,	A-Tou Lin,	A-Tou Lin,
NT$1,000,000 (incl.)~NT$2,000,000 (excl.)	Hsin-Hsiung Lu, Pei-Yuan Li、Pan, Chin-Shu	Hsin-Hsiung Lu, Pei-Yuan Li、Pan, Chin-Shu	Hsin-Hsiung Lu, Pei-Yuan Li、Pan, Chin-Shu	Hsin-Hsiung Lu, Pei-Yuan Li、Pan, Chin-Shu
NT$2,000,000 (incl.)~NT$3,500,000 (excl.)				
NT$3,500,000 (incl.)~NT$5,000,000 (excl.)			Jung-Yueh Lo	Jung-Yueh Lo
NT$5,000,000 (incl.) ~ NT$10,000,000 (excl.)				
NT$10,000,000 (incl.) ~ NT$15,000,000 (excl.)				
NT$15,000,000 (incl.) ~ NT$30,000,000 (excl.)				
NT$30,000,000 (incl.) ~ NT$50,000,000 (excl.)				
NT$50,000,000 (incl.) ~ NT$100,000,000 (excl.)				
NT$100,000,000 and above				
Total	Five	Five	Five	Five

2. Remuneration paid to supervisor for 2025: the Company has established the Audit Committee to replace the supervisors and thus not applicable.

3. Remuneration to President and Vice Presidents for 2025

Unit: NT$ thousand; %

Title	Name	Salary (A)		Retirement pay and pension (B) (Note)		Rewards and special disbursements (C)		Employee remuneration (D)				The sum of A, B, C and D as a percentage of after tax profit (%)		Remuneration received from investee enterprises other than subsidiaries or from the parent company
		The Company	All companies included in the consolidated statements	The Company	All companies included in the consolidated statements	The Company	All companies included in the consolidated statements	The Company		All companies included in the consolidated statements		The Company	All companies included in the consolidated statements	
								Amount paid in cash	Amount paid in shares	Amount paid in cash	Amount paid in shares			
President	Michelle Kuo (note2)	3,200	3,200	108	108	156	156	0	0	0	0	-3.56%	-3.56%	None
VP	Li-Ling Lo	1,740	1,740	108	108	437	437	0	0	0	0	-2.35%	-2.35%	None
VP	Mei-Lan Chang (note2)	1,680	1,680	108	108	495	495	0	0	0	0	-2.35%	-2.35%	None
VP	Su-Yu Chen	2,700	2,700	108	108	302	302	0	0	0	0	-3. 20%	-3. 20%	None

Note1: including the contribution of pension for 2025

Note2: General Manager Michelle Kuo and Vice General Manager Mei-Lan Chang were dismissed from their positions effective March 31, 2026.

Remuneration scale table

Range of remunerations to the President and Vice Presidents	Name of President and Vice Presidents	
	The Company	All companies included in the consolidated statements
Less than NT$1,000,000		
NT$1,000,000 (incl.)~NT$2,000,000 (excl.)		
NT$2,000,000 (incl.)~NT$3,500,000 (excl.)	Li-Ling Lo 、Mei-Lan Chang、Su-Yu Chen Michelle Kuo	Li-Ling Lo 、Mei-Lan Chang、Su-Yu Chen Michelle Kuo
NT$3,500,000 (incl.)~NT$5,000,000 (excl.)		
NT$5,000,000 (incl.)~NT$10,000,000 (excl.)		
NT$10,000,000 (incl.)~NT$15,000,000 (excl.)		
NT$15,000,000 (incl.)~NT$30,000,000 (excl.)		
NT$30,000,000 (incl.)~NT$50,000,000 (excl.)		
NT$50,000,000 (incl.)~NT$100,000,000 (excl.)		
NT$100,000,000 and above		
Total	Four	Four

4. 2025 Remuneration to the Five Highest Remunerated Management Personnel

Unit: NTD thousand

Title	Name	Salary (A)		Retirement pay and pension (B) (Note1)		Bonus and Rewards and special disbursements (C)		Employee remuneration (D)				Sum of A+B+C+D and ratio to net income (%)		Remuneration received from investee enterprises other than subsidiaries or from the parent company
		The Company	All companies included in the consolidated statements	The Company	All companies included in the consolidated statements	The Company	All companies included in the consolidated statements	The Company		All companies included in the consolidated statements		The Company	All companies included in the consolidated statements	
								Amount paid in cash	Amount paid in shares	Amount paid in cash	Amount paid in shares			
Chairman	Jung-Yueh Lo	4,000	4,000	0	0	131	131	0	0	0	0	-4.25%	-4.25%	None
President	Michelle Kuo (note2)	3,200	3,200	108	108	156	156	0	0	0	0	-3.56%	-3.56%	None
VP	Su-Yu Chen	2,700	2,700	108	108	302	302	0	0	0	0	-3.20%	-3.20%	None
VP	Li-Ling Lo	1,740	1,740	108	108	437	437	0	0	0	0	-2.35%	-2.35%	None
VP	Mei-Lan Chang (note2)	1,680	1,680	108	108	495	495	0	0	0	0	-2.35%	-2.35%	None

Note1: including the contribution of pension for 2025

Note2: General Manager Michelle Kuo and Vice General Manager Mei-Lan Chang were dismissed from their positions effective March 31, 2026.

5. Names of managers entitled to employee remuneration and amount entitled: none.

(IV) Separately compare and describe total remuneration, as a percentage of net income stated in the parent company only financial reports or individual financial reports, as paid by this company and by each other company included in the consolidated financial statements during the past 2 fiscal years to directors, supervisors, general managers, and assistant general managers, and analyze and describe remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure:

1. Analysis of the total remuneration paid by the Company and by all consolidated entities, as a percentage of net income after taxes in the parent-only or individual financial report, during the most recent 2 years to directors, supervisors, president, and vice presidents

Unit: NT$ thousand; %

Title	2025 total remuneration as a percentage of net income after tax (%)		2024total remuneration as a percentage of net income after tax (%)	
	The Company	Companies included	The Company	Companies included
Director	-7.68%	-7.68%	-18.21%	-18.21%
Presidents and VPs	-11.46%	-11.46%	-21.24%	-21.24%

2. Remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure

A. Directors and supervisors

Pursuant to Article 22 of the Articles of Incorporation, the board of directors is authorized to determine the remunerations to all directors based on their participation and contributions to the Company's operations, while referring to the common level among the peers. The remunerations are paid regardless of the profit or loss, and the traveling subsidy is also disbursed based on the common level among the peers.

Pursuant to Article 27 of the Articles of Incorporation, upon the special resolution adopted by the board meeting to provide no more than 2% of the profit of the year as the director remuneration; the director remuneration shall be paid in cash and reported to the shareholders meeting. The Company's directors' remuneration is paid pursuant to the Company's "Regulations Governing Payment of Remuneration to Directors and Functional Committee." The procedure for determining remuneration is based on the Company's "Regulations Governing Self-evaluation or Peer Evaluation for the Board of Directors." In addition to referring to the Company's overall operating performance, future operating risks and development trends of the industry, the individual performance achievement rates and the contribution to the Company's performance are also referred to, for offering reasonable remuneration. The relevant performance evaluation and the reasonableness of remuneration are reviewed by the Remuneration Committee and the board of directors, and the remuneration system is reviewed at any time depending on the actual operating conditions and relevant laws and regulations, to achieve the sustainable operation of the Company and the balance of risk control.

The Company's directors' remunerations of 2025 and 2024 were only paid with fixed compensations, such as attendance fees and travel expenses, without any variable remuneration.

B. President and Vice President

The remunerations for president and vice president(s) includes salary, retirement pension, reward and special expenses, and employee's profit-sharing bonuses. It is determined based on the position held, the responsibility assumed, and the contribution to the Company, while referring to the industry standard.

The various salary and remuneration items implemented by the Company's directors and

managers are submitted to the Remuneration Committee and the Board of Directors for approval on a regular basis each year.
The salary payment items for the directors and managers of the Company are handled in accordance with the current salary items for the directors and managers of the Company. It is determined based on the current business scale of the Company and the salary and remuneration payment in previous years. However, if the current remuneration system needs to be adjusted due to changes in the business environment in the future, the management level may formulate a plan, submit it to the Remuneration Committee for special review, and then submit it to the Board of Directors for implementation.
The salary and remuneration items for directors and managers in 2025 have been approved by the Compensation Committee on December 18, 2024and the Board of Directors on December 27, 2024.

II. Corporate governance

(I) Operation of the Board of Directors

The number of board meetings held in the most recent fiscal year was Five (A), the attendance by the directors and supervisors was as follows:

Title	Name	No. of meetings attended in person (B)	Proxy Attendance	In-person attendance rate (%) 【B/A】 (Note)	Remarks
Chairman	Jung-Yueh Lo	5	0	100%	
Legal representative	Representative of Yueh Ya Chuan CO., LTD：A-Tou Lin	5	0	100%	
Independent Director	Hsin-Hsiung Lu	5	0	100%	
Independent Director	Pei-Yuan Li	5	0	100%	
Independent Director	Pan, Chin-Shu	5	0	100%	

Other remarks:

I. If any of the following circumstances exists, specify the board meeting date, meeting session number, content of the motion(s), the opinions of all the independent directors, and the measures taken by the Company based on the opinions of the independent directors:

(I) The Company has established the Audit Committee, and the matter under Article 14-3 of the Securities and Exchange Act have been submitted to the Audit Committee for discussion, and approved by all attending independent directors.

Board of Directors (Session)	Content of proposal and subsequent treatment	Any matter under Article 14-3 of the Securities and Exchange Act.	Dissenting or qualified opinion of independent director
The 8th board The 4th meeting 2025/03/12	Proposal not to distribute the employee and director remuneration for 2024	V	
	Proposal to present the 2024 “Declaration of Internal Control System”	V	
	Proposal to appoint CPAs to audit the Company and its subsidiaries’ financial statements and their remuneration.	V	
	Proposal to renew the financing limit from Bank of Kaohsiung	V	
	Proposal to purchase liability insurance for the Company’s directors	V	
	Independent director’s opinion: None.		
	Company’s disposition on independent director’s opinion: None.		
	Resolution result: unanimously approved by the present directors		
The 8th board The 5th meeting 2025/05/09	Loan of funds for the Company to Shuang Yue Co.	V	
	Independent director’s opinion: None.		
	Company’s disposition on independent director’s opinion: None.		
The 8th board The 6th meeting 2025/12/26	Proposal to renew the financing limit from Bank of Kaohsiung	V	
	Proposal to amend the Company’s “Internal Control System” and Internal Audit Implementation Guidelines	V	
	Independent director’s opinion: None.		
	Company’s disposition on independent director’s opinion: None.		
	Resolution result: unanimously approved by the present directors		

(II) For the operation of the board of directors, none of documented objections or qualified opinions raised by independent director against board resolution in relation to matters other than those described above.

II. Directors' avoidance of motions which involves conflict of interest; the names of directors, details of the motions, reasons to avoid conflict of interest, and the participation in voting must be disclosed:

(I) The Company has established the "Rules of Procedure for Board of Directors Meetings," and Article 17 of the Rules specifies that if any director or a juristic person represented by a director is an interested party with respect to any agenda item, the director shall state the important aspects of the interested party relationship at the respective meeting. When the relationship is likely to prejudice the interests of the company, the director may not participate in discussion or voting on that agenda item, and further, shall enter recusal during discussion and voting on that item and may not act as another director's proxy to exercise voting rights on that matter.

(II) The status of implementation of recusals of directors with respect to any motions with which they may have a conflict of interest for 2024nd up to the publication date of the annual report:
From 2024 until the date of publication of the annual report, in consideration of the full re-election of the directors (including independent directors) in 2024, the proposal 1 discussed by the Board of Directors on April 23, 2024 was related to the nomination of director candidates (including independent director candidates) pursuant to laws. The candidates including Director Yueh Ya Chuan Co., Ltd. (Representative: A-Tou Lin), Director Hsin-Hsiung Lu and Director Pei-Yuan Li recused themselves from the discussion and voting of this proposal due to the conflict of interest with the proposal or themselves, in order to prevent the concerns about impairment on the Company's interest.

III. Evaluation cycle, period, scope, method and content of the self (or peer) evaluation of the board of directors:

(I) Regarding the performance evaluation of the Company's board of directors, individual board members and functional committees, the main evaluation cycle and period, evaluation scope and method, evaluation execution unit, evaluation procedures and other matters to be complied with shall be based on the Company's "Regulations Governing Self-evaluation or Peer Evaluation for the Board of Directors."

(II) Implementation of Evaluations of the Board of Directors

A. Internal self-evaluation

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation approach	Evaluation content	
Internal self-evaluation: once per year to be completed before the first board meeting in the next year.	Evaluated the performance between January 1, 2025 and December 31, 2025	The performance evaluations for the board, and individual board member.	Internal self-evaluation of the board of directors, self-evaluation of board members, self-evaluation of functional committees.	I. Their degree of participation in the company's operations. II. The quality of the board of directors' (functional committees) decision making III. Composition and structure of the board of directors (functional committees) IV. Election and continuing education of the directors (functional committees) V. Internal control VI. Alignment of the goals and missions of the company VII. Their management of internal relationships and communication VIII. Awareness of the duties of the board of directors (functional committees)	Following the performance evaluation conducted through the Board of Directors' self-assessment and individual directors' self-assessments, the directors' average self-evaluation score was 4.822. The operation of the Board of Directors and individual directors in 2025 was considered generally sound and in compliance with corporate governance requirements, and was approved by the Board of Directors on May 8, 2026.

B

B. External professional evaluation

External performance evaluations are conducted once every three years. No external evaluation was conducted in Year 2025, and the next external evaluation is scheduled for Year 2027.

IV. Goals of strengthening the functions of the board of directors in the current year and the most recent year, and implementation evaluation:

The Company has five directors (including three independent directors), and all independent directors form the Audit Committee, Remuneration Committee and Nomination Committee, to deliberate the board of directors' proposals, as the performance of the supervisory duties and to achieve the goal of strengthening the functions of the board of directors. On November 5, 2024, the company established a Sustainable Development Committee, with an independent director serving as a member to oversee the implementation of the company's sustainable development work. Review the board of directors' proposals to fulfill the supervisory responsibility and achieve the goal of strengthening the board of directors' functions.The implementation of strengthening the functions of the board of directors in the most recent year is as follows:

(I) On March 12, 2025, the board of directors approved upon the resolution to review the independence evaluation of independent directors to improve the performance of the board of directors.

(II) the board meeting on March 12, 2025, it was resolved to review the directors’ continuing education in 2024; all directors completed the continuing education for the hours required by the “Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies.”

(III) On March 12, 2025, the board of directors approved upon the resolution to purchase directors' liability insurance to reduce and diversify the risk of material losses to the Company and shareholders caused by directors' errors or negligence.

(IV) On December 26, 2025, the Board of Directors approved the 2026 continuing education plan for directors, arranging various professional courses to enhance the professional knowledge of Board members.

(V) On March 10, 2026, the board of directors approved upon the resolution to review the independence evaluation of independent directors to improve the performance of the board of directors.

(VI) On March 12, 2025, the board of directors approved upon the resolution to purchase directors' liability insurance to reduce and diversify the risk of material losses to the Company and shareholders caused by directors' errors or negligence.

(VII) the board meeting on March 10, 2026, it was resolved to review the directors’ continuing education in 2025; all directors completed the continuing education for the hours required by the “Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies.”

(VIII) On May 8, 2026, the Board of Directors approved the review of the 2025 performance evaluations of the Board of Directors, functional committees, and directors, and adopted the evaluation results as recommendations for improvement.

Note: The in-person attendance rate (%) should be calculated based on the number of board meetings held and the number they attended in person during the period they were in office.

(II) Operation of the Audit Committee

1. Qualification and experience of the Audit Committee members

   There are total of three members in the Audit Committee, and all of them are independent directors. Please refer to page5-6 for their professional qualifications and experience.

2. Operation of the Audit Committee

   The number of audit committee meetings held in the most recent fiscal year was Five (A); The attendance by the independent directors was as follows:

Title	Name	Actual Attendance (B)	Proxy Attendance	Percentage of actual (proxy) attendance (%) (B/A)(Note)	Remarks
Independent director (convener)	Pan, Chin-Shu	5	0	100%	
Independent Director	Pei-Yuan Li	5	0	100%	
Independent Director	Hsin-Hsiung Lu	5	0	100%	

Other remarks:

I. If any of the following circumstances exists, specify the audit committee meeting date, meeting session number, content of the motion(s), the content of any dissenting or qualified opinion or significant recommendation of the independent directors, the outcomes of audit committee resolutions, and the measures taken by the Company based on the opinions of the audit committee:

(I) Any matter under Article 14-5 of the Securities and Exchange Act.

Audit Committee	Content of proposal and subsequent treatment	Any matter under Article 14-5 of the Securities and Exchange Act.	Any resolutions unapproved by the Audit Committee but passed by more than two-thirds of directors.
The 5th Audit Committee 4th 2025/03/04	The company proposes not to distribute employee compensation and director remuneration for the year 2024.	V	
	Proposal of 2024business report and financial report	V	
	Proposal to present the 2024 “Declaration of Internal Control System”	V	
	Proposal to engage the attesting CPAs to audit the Company and subsidiaries’ financial statements and the compensation thereof	V	
	Proposal to renew the financing limit from Bank of Kaohsiung	V	
	Proposal to purchase liability insurance for the Company’s directors	V	
	Audit Committee resolution result: unanimously approved by all members of the Audit Committee.		
	The Company’s treatment to the Audit Committee’ opinion: unanimously approved by the present directors		
The 5th Audit Committee The 5th meeting	Proposal of consolidated financial report of Q1, 2025	V	
	Loan of funds for the Company to Shuang Yue Co.	V	
	Audit Committee resolution result: unanimously approved by all members of the Audit Committee.		

2025/04/30	The Company's treatment to the Audit Committee' opinion: unanimously approved by the present directors		
The 5th Audit Committee The 6th meeting 2025/07/29	Proposal of consolidated financial report of Q2, 2025	V	
	Audit Committee resolution result: unanimously approved by all members of the Audit Committee.		
	The Company's treatment to the Audit Committee' opinion: unanimously approved by the present directors		
The 5th Audit Committee The 7th meeting 2025/10/29	Proposal of consolidated financial report of Q3, 2025	V	
	Audit Committee resolution result: unanimously approved by all members of the Audit Committee.		
	The Company's treatment to the Audit Committee' opinion: unanimously approved by the present directors		
The 5th Audit Committee The 8th meting 2025/12/17	Proposal to renew the financing limit from Bank of Kaohsiung	V	
	Proposal for the Revision of the Company's Internal Control System and Detailed Regulations for Internal Audit Implementation	V	
	Audit Committee resolution result: unanimously approved by all members of the Audit Committee.		
	The Company's treatment to the Audit Committee' opinion: unanimously approved by the present directors		

(II) Other than those described above, any resolutions unapproved by the Audit Committee but passed by more than two-thirds of directors: None.

II. Implementation of recusals of independent directors with respect to any motions with which they may have a conflict of interest: during 2025and up to the publication date of the annual report, there was no motion involved interests of any independent director, and thus not applicable.

III. Communication between the independent directors and the chief internal audit officer and the CPAs that serve as external auditor (including any significant matters communicated about with respect to the state of the company's finances and business and the method(s) and outcomes of the communication.):

(I) The Company's internal auditors regularly communicate the results of the audit report with the members of the Audit Committee, and make the internal audit reports at the board meetings. If there is any special situation, it will immediately report to the members of the Audit Committee. In 2025, there was no such specific circumstance. Communication between the Audit Committee and the internal audit officer is good.

(II) The CPAs report the results of their quarterly audit or review and matters regarding legal compliance in the quarterly audit committee meetings. When necessary, the accountants also speak to the committee members in a timely matter. In 2025, there was no such specific circumstance. Communication between the Audit Committee and the attesting CPAs is good.

(III) Communications between independent directors, internal audit officer and the CPAs are as follows:

Dates of the Audit Committee meetings (sessions)	Material matters communicated with the internal audit officer	Material matters communicated with the attesting CPAs
2025/03/04 (The 4th meeting of the 5th Audit Committee)	Proposal to present the 2024"Declaration of Internal Control System"	Proposal of 2024 business report and financial report
2025/04/30 (The 5th meeting of the 5th Audit Committee)	None	Proposal of consolidated financial report of Q1, 2025
2025/07/29 (The 6th meeting of the 5th Audit Committee)	None	Proposal of consolidated financial report of Q2, 2025
2025/10/29 (The 7th meeting of the 5th Audit Committee)	None	Proposal of consolidated financial report of Q3, 2025
2025/12/17 (The 8th meeting of the 5th Audit	Proposal for the Revision of the Company's Internal Control System and Detailed Regulations	None

Committee)	for Internal Audit Implementation	
	Proposal to formulate the 2026 internal audit plan	

IV. Key tasks and operation of the Audit Committee in 2025:

Key tasks	Actual governance	
	Resolution result	The Company’s treatment to the members’ opinions
Ratification of business report and consolidated financial statements.	Approved	Submitted to the board and unanimously approved by the present directors
The hiring or dismissal of a certified public accountant, or their compensation.	Approved	Submitted to the board and unanimously approved by the present directors
The appointment or discharge of the internal audit officer.	Approved	Submitted to the board and unanimously approved by the present directors
Assessment of the effectiveness of the internal control system.	Approved	Submitted to the board and unanimously approved by the present directors
Material loans of funds, endorsements, or provision of guarantees.	Approved	Submitted to the board and unanimously approved by the present directors

V. Evaluation cycle, period, scope, method and content of the self (or peer) evaluation of the Audit Committee:

(I) Regarding the performance evaluation of the Audit Committee, individual board members and functional committees, the main evaluation cycle and period, evaluation scope and method, evaluation execution unit, evaluation procedures and other matters to be complied with shall be based on the Company's "Regulations Governing Self-evaluation or Peer Evaluation for the Audit Committee”

(II) Implementation of Evaluations of the Audit Committee

A. Internal self-evaluation

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation approach	Evaluation content	Evaluation results
Internal self-evaluation: once per year To be completed before the first board meeting in the next year.	Evaluate the performance of the Audit Committee between January 1, 2025 and December 31, 2025.	Include the performance evaluation on the Audit Committee.	Self-evaluation of the Audit Committee, or performance evaluation performed in any other appropriate manner.	I. Their degree of participation in the company's operations. II. The quality of Remuneration Committee’s decision-making quality. III. The composition and structure of the Remuneration Committee. IV. Election, expertise and continuing education of the Remuneration Committee members V. Internal control VI. Awareness of the duties of the Remuneration Committee;	Following the performance evaluation conducted through the independent directors’ self-assessment of the Audit Committee, the Audit Committee’s average self-evaluation score was 4.864. The operation of the Company’s Audit Committee in 2025 was considered generally sound and in compliance with corporate governance requirements, and was approved by the Board of Directors on May 8, 2026.

Note: The percentage of actual (proxy) attendance (%) will be calculated based on the number of Audit Committee's meetings held during active duty and the number of actual (proxy) attendance.

(III) Deviation and causes of deviation of the Company’s actual governance from the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies

Item for evaluation	Operation			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Summary	
I. Does the Company base on the “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies” to set up and disclose the Company’s corporate governance best-practice principles?	V		The Company has established the Corporate Governance Best Practice Principles, and the related information is disclosed in the MOPS and the Company’s website.	No significant deviation
II. The shareholding structure and shareholders’ equity of the Company				
(I) Does the Company have the internal procedures regulated to handle shareholders’ proposals, doubts, disputes, and litigation matters; in addition, have the procedures implemented accordingly?	V		(I) The Company has set up spokespersons, acting spokespersons and shareholder service unit, with dedicated personnel to handle shareholders' suggestions or disputes.	No significant deviation
(II) Is the company constantly informed of the identities of its major shareholders and the ultimate controller?	V		(II) The Company appoints a shareholder service agency to take the charge, and has dedicated personnel to handle related matters, to grasp the list of major shareholders who actually control the Company.	No significant deviation
(III) Has the company established and implemented risk management practices and firewalls for companies it is affiliated with?	V		(III) In addition to internal control operations related to long-term equity investment in the internal control system, the Company has established the "Procedures for the Supervision and Management of Subsidiaries," "Operational Procedures for Transactions between the Group Companies, Specific Companies, and Related Parties," and the "Regulations Governing Intercompany Finance and Business between	No significant deviation

Item for evaluation	Operation			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Summary	
(IV) Does the Company set up internal norms to prohibit the insiders from utilizing the undisclosed information to trade securities?	V		Affiliated" and other related management regulations to implement and manage accordingly. (IV) The Company has established the "Procedures for Handling Material Inside Information and Preventing Insider Trading," to prohibit the insiders from utilizing the undisclosed information to trade securities.	No significant deviation
III. The constitution and obligations of the Board of Directors (I) Does the Board of Directors have diversified policies regulated and implemented substantively according to the composition of the members?	V		(I) Article 20 of the Company's "Corporate Governance Best Practice Principles" specifies that the composition of the board of directors shall be determined by taking diversity into consideration. It is advisable that directors concurrently serving as company officers not exceed one-third of the total number of the board members, and that an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs be formulated. The board of directors' diversity policy for its composition is disclosed in the Company's website and the MOPS.	No significant deviation

Item for evaluation	Operation: Yes	Operation: No	Operation: Summary	Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies
			Please refer to page 13 for the implementation of the diversity policy of the current board of directors of the Company.	
(II) Apart from the Remuneration Committee and Audit Committee, has the Company assembled other functional committees at its own discretion?	V		(II) The Company, in addition to setting the Remuneration Committee and Audit Committee lawfully, also has established the Nomination Committee and Sustainable Development Committee . Please refer to page53-54or the members and operation of the Nomination Committee and page55-56 of the Sustainable Development Committee.	No significant deviation
(III) Does the company stipulate the Self-Evaluation on the Performance of the Board of Directors and the evaluation approach, implement the performance evaluation on a regular basis every year, and report the evaluation result to the Board of Directors as the reference of individual director remuneration and nomination for term renewal?	V		(III) On March 25, 2015, the board of directors approved the "Regulations Governing Self-evaluation or Peer Evaluation for the Board of Directors." The 2025 performance evaluation of the board of directors, the performance evaluation of board members and the performance evaluation of functional committees were completed in May 2026. The evaluation aspects are described as follows: ➢ The criteria for evaluating the performance of the board of directors, which should cover, at a minimum, the following five aspects: 1. Participation in the operation of the company; 2. Improvement of the quality of the board of directors' decision making 3. Composition and structure of the board of directors;	No significant deviation

Item for evaluation	Operation			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Summary	
			4. Election and continuing education of the directors; and 5. Internal control. ➢he criteria for evaluating the performance of the board members should cover, at a minimum, the following six aspects: 1. Alignment of the goals and missions of the company; 2. Awareness of the duties of a director; 3. Participation in the operation of the company; 4. Management of internal relationship and communication; 5. The director's professionalism and continuing education; and 6. Internal control. ➢The criteria for evaluating the performance of functional committees should cover, at a minimum, the following five aspects: 1. Participation in the operation of the company; 2. Awareness of the duties of the functional committee; 3. Improvement of quality of decisions made by the functional committee; 4. Makeup of the functional committee and election of its members and 5. Internal control. After collecting and aggregating the questionnaires	

Item for evaluation	Operation			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Summary	
			of this evaluation (2025), the results have been submitted to the board of directors on May 8, 2026 for review and discussion. The aforesaid procedures and evaluation results are also disclosed on the Company's official website. Meanwhile, the Company's "Regulations Governing Self-evaluation or Peer Evaluation for the Board of Directors" specify that an external evaluation shall be performed at least once every three years. In 2024, the Company commissioned an external professional institution to conduct the Board performance evaluation. In 2025, the evaluation was conducted internally based on the following four major aspects: 1. Professional functions of the board of directors (composition and structure of the board of directors, election and appointment of directors and continuing education): Evaluation indicators include: the diversity of the board of directors, directors' continuing education, utilization of external resources, among other things. 2. Decision-making effectiveness of the board of directors (the participation in the Company's operations; improving the quality of the board of directors' decision-making): Evaluation indicators include: directors' participation in meetings, directors' grasp of the	

Item for evaluation	Operation			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Summary	
			Company's operations, directors' management of company risks, and the adequacy of information for directors to make decisions, among other things. 3. The Board’s emphasis on and supervision of internal control: Evaluation indicators include: formulation and implementation of employee codes of conduct, supervision of internal audits, smooth communication and reporting channels, disclosure and avoidance of conflicts of interest, etc. 4. The board of directors' attitude towards sustainable operation: Evaluation indicators include: disclosure of ESG information, planning of talent development and succession plans, actions towards sustainable operations, etc. The aforesaid procedures and evaluation results are also disclosed on the Company's official website.	
(IV) Are external auditors' independence assessed on a regular basis?	V		(IV) The Company has formulated the "Procedures for Selection and Evaluation of CPAs," and regularly (at least once a year) evaluates the independence and competence of attesting CPAs as the criteria for selection and evaluation of attesting CPAs. In 2025, in addition to the Company's self-prepared evaluation form, the items for evaluating the CPAs’ independence also referred to the Audit Quality Indicators (AQIs), to assess the independence and competence of the hired	No significant deviation

Item for evaluation	Operation			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Summary	
			CPAs, and submitted the evaluation results to the Audit Committee on February 25, 2025 and the board of directors resolved the approval on March 10, 2026 Upon the assessment of the Company's Finance Division, Chen, Pei-Chi, CPA and Yu, Chi-Long, CPA from KPMG Taiwan meet the Company's criteria of independence. In addition, the Company also obtained the statements of independence from Chen, Pei-Chi, CPA and Yu, Chi-Long, CPA of KPMG Taiwan. Please refer to pages43-45an unbratty ze3edcdedcddc cd for the evaluation criteria of CPAs' independence and the evaluation aspects of the Audit Quality Indicators (AQIs).	
IV. Does the TWSE/TPEx listed company have in place an adequate number of qualified corporate governance officers and has it appointed a chief corporate governance officer with responsibility corporate governance practices (including but not limited to providing information necessary for directors and supervisors to perform their duties, aiding directors and supervisors in complying with laws and regulations, organizing board meetings and annual general meetings of shareholders as required by law, and compiling minutes of board meetings and annual general meetings)?	V		The Company has established the shareholder service unit under the Finance Division, There is also a Head of Corporate Governance (filed to the MOPS already), in charge of corporate governance related affairs, including: 1. Handle matters related to meetings of the Board of Directors and shareholders in accordance with the law. 2. Prepare minutes of board meetings and shareholders meetings. 3. Assisting directors in taking office and continuing their studies. 4. Provide information necessary for directors to carry out their duties. 5. Assist directors and supervisors in complying with laws and regulations.	No significant deviation

Item for evaluation	Operation			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Summary	
			6.Report to the Board of Directors the results of its review of whether the qualifications of independent directors at the time of nomination, election and during their term of office comply with relevant laws and regulations. 7.Handle matters related to changes in directors. 8.Other matters stipulated in the company’s articles of association or contract. The implementation in 2024 is as follows: 1. Assisted independent directors and ordinary directors to perform their duties, furnished required information and arranged directors' continuing education: (1) Regularly notified board members of the latest amendment to and development of the laws and regulations related to the Company's business and corporate governance. (2) Review the confidentiality level of relevant information and provide directors with required company information, to maintain smooth communication and exchange between directors and executives. (3) In accordance with the Corporate Governance Best Practice Principles, assist the independent directors in arranging relevant meetings when the individual meetings with the internal audit officer or attesting CPAs are required to understand the Company's finance and business. (4) Assisted independent directors and ordinary directors	

Item for evaluation	Operation			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Summary	
			in formulating annual continuing education plans and arranging courses based on the Company's industrial characteristics, and director's education and experience background. 2. Assisted the agenda procedures of board and shareholders' meetings and legal compliance for resolutions: (1) Confirmed whether the convention of the shareholders' meetings and board meetings comply with relevant laws and Corporate Governance Best Practice Principles. (2) Assisted and reminded the directors of the laws and regulations to be observed when performing business or making formal resolutions of the board meetings. (3) After the meetings, took charge of reviewing the release of material information on important resolutions of the board meetings, to ensure the legality and correctness of the material information, for ensuring the equivalence of investor transaction information. 3. Maintained investor relations: arranged directors to communicate and exchange with major shareholders, institutional investors, or general shareholders as needed, so that investors can obtain sufficient information to evaluate and determine the reasonable capital market value of the Company, and ensure that shareholders' equity are well maintained.	

Item for evaluation	Operation			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Summary	
			4. Prepared the agenda of board meetings and notified the directors, convene meetings and provided meeting materials seven days in advance. If any motion required recusal due to conflict of interest, a reminder was furnished in advance, and the minutes of the board meeting were completed within 20 days after the meeting. 5. Handled the prior registration of the date of the shareholder meeting pursuant to laws, prepared the meeting notice, the agenda handbook, the annual report, the meeting minutes within the statutory period, and handled the change registration affairs for any amendment to the Articles of Incorporation or the re-election of directors. 6. Assisted independent directors and ordinary directors in formulating annual continuing education plans and arranging courses based on the Company's industrial characteristics, and director's education and experience background.	
V. Has the Company established channels for communicating with its stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.) and created a stakeholders section on its company website? Does the Company appropriately respond to stakeholders' questions and concerns on important corporate social	V		The Company spares no effort to provide the best "products" and "services," and helps the Company to hear the true voices of stakeholders through multiple communication channels. The main communication channels are as follows: 1. Issues concerned by consumers: Product quality/ after-sales service/ service quality/ personal data protection	No significant deviation

Item for evaluation	Operation			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Summary	
responsibility issues?			(1) Official website, email address, and customer service hotline: 0800-027-688 (as needed) (2) Social community sites (3) Instant messaging software (4) Satisfaction survey 2. Issues concerned by shareholders/investors: Information Security/ Integrity management/economic performance/brand image/internal audit and control (1) Regular shareholder meetings are held every year, financial reports are released quarterly, operating revenue is disclosed monthly, investor conference are held from time to time, and the important finance and business-related information of the Company are disclosed on the MOPS. (2) The Company has a spokesperson and an acting spokesperson in place and sets up a shareholder contact window on the Company's website. Investors can express their opinions through this channel, and the Company will have a dedicated personnel to reply. Investor Service Team: ir@mail.aso.com.tw, Ms. Li 3. Issues concerned by employees: Welfare and wages/ talent cultivation/ career development/ equality of human rights (1) Production9, sales, and marketing meetings, internal training courses, performance appraisals (2) Labor-management meetings, Employee Welfare Committees, employee complaint hotline and mailbox Employee Services Team	

Item for evaluation	Operation			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Summary	
			Contact number: 02-66189999, Ms. Chiang, Human Resources Department Mail: yj_chiang@mail.aso.com.tw 4. Issues concerned by suppliers: Integrity management/customer satisfaction/brand image/economic performance/employee rights/information security (1) Supplier audit (semi-annual) (2) Quality meetings (monthly/quarterly) (3) Customer complaint channel (irregular) Contact number: 02-66189999, Ms. Wu, Merchandising Department 5.Non-profit Organizations Issues of Concern: Corporate governance / Integrity management / Material assessment / Social welfare / Product management / Information security / Economic performance / Waste management / Occupational safety management / Human rights policy / Technology R&D / Climate change / Operational risk / Resource efficiency / Supplier environmental management / Freedom of association and collective bargaining / Greenhouse gas emissions / Procurement practices Communication Channels: (1) Community care activities (irregular) (2) Public welfare activities (irregular) (3) Participation in neighboring community activities (irregular) Contact Number: 0800-027-688 Customer Service Center	

Item for evaluation	Operation			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Summary	
			The Company's website has a dedicated stakeholder section, with designated personnel assigned to each section to appropriately respond to important corporate social responsibility issues of concern to stakeholders. The Company has also established spokesperson and acting spokesperson systems to facilitate communication channels with stakeholders.	
VI. Has the Company appointed a professional shareholder services agent to handle matters related to its shareholder meetings?	V		The Company has engaged the Shareholder Service Agent Department of KGI Securities Co., Ltd. to handle the affairs of shareholders' meetings.	No significant deviation
VII. Information disclosure (I) Has the Company established a website that discloses financial, business, and corporate governance-related information?	V		(I) The Company's website has a dedicated section for investors and a dedicated section for corporate governance, with a dedicated department to regularly discloses information on finance, business and corporate governance; various information can be inquired at the MOPS.	No significant deviation
(II) Has the Company adopted other means to disclose information (e.g. English website, assignment of specific personnel to collect and disclose corporate information, implementation of a spokesperson system, broadcasting of investor conferences via the company website)?	V		(II) The Company has set up a website with a dedicated department responsible for the collection and release of various information of the Company, and has set up spokesperson and acting spokesperson pursuant to regulations, to handle matters such as outward speeches and information disclosure. The briefings and audio-visual materials of the investor conferences held by the Company or invited to participate have been disclosed on the Company's website for inquiries from everyone.	No significant deviation

Item for evaluation	Operation			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Summary	
(III) Does the company publish and report the annual financial report 2 months after the end of the fiscal year and publish and report the Q1, Q2 and Q3 financial reports and monthly operation report before the deadline?		V	(III) The Company's financial report are announced and reported within three months after the end of each fiscal year as required by laws, and the quarterly financial reports are announced and reported within 45 days after the end of the first quarter, second quarter, and third quarter of each fiscal year. Before the tenth day of each month, the operation status of the previous month is announced and reported.	Currently, the Company's financial report and monthly operating status have been announced and reported before the statutory deadline pursuant to laws. In the future, the announcement and reporting time will be adjusted pursuant to the amendment to laws
VIII. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' continuing education, the implementation of risk management policies and risk evaluation standards, the implementation of customer relations policies, and purchasing liability insurance for directors and supervisors)?	V		1. Employee rights and care to employee: The Company values and protects the rights and interests of employees. In addition to handling various insurances for employees, contributing pensions, and providing good benefit measures pursuant to laws, it also establishes smooth communication channels and creates a harmonious working environment. 2. Investor relations: The Company discloses corporate information pursuant to laws and regulations, treats all shareholders fairly to protect the rights and interests of investors, and fulfills corporate responsibilities to shareholders, and announces relevant finance, business and corporate governance information on the MOPS as required by regulations.	No significant deviation

Item for evaluation	Operation			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Summary	
			The minutes of the Company's regular shareholders' meeting are recorded pursuant to the Company Act and relevant laws and regulations. The minutes of the regular shareholders' meeting have been disclosed on the Company's website and are permanently retained in the Company. 3. Relationships with suppliers: The Company insists the ethical principles to establish partnerships with suppliers and maintain good interactions, to establish a stable supply chain to ensure quality. 4. Stakeholders' rights: A. Responsibility to customers: The Company provides safe and high-quality products, values customer opinions, and immediately takes actions to take care of customer complaints to meet customer needs. B. Responsibilities to shareholders: The goal of the Company is to fully protect the rights and interests of shareholders. C. Responsibility for store leasing: The Company maintains a good relationship with full communication in a long run to ensure a safe and excellent store environment. 5. Directors and supervisors' continuing education: The Company actively encourages directors to participate in continuing education, and has successively organized courses related to corporate governance. The	

Item for evaluation	Operation			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Summary	
			directors of the Company have fulfilled the legal hours in 2025. Please refer to pages 46-48 for their continuing education. 6. Risk management policies and risk assessments: For the risks that the Company may be exposed to in operations, the Company clearly divides the scope and responsibilities of risk management for each department, and the management issues are discussed through monthly management meetings, to cope with and ensures customers' needs, and maintains stable and good relationships with them. The Company also emphasizes the information security and stipulates information security policy and concrete management policies with the disclosure of such on the company website. 7. Implementation of customer policy: In the Company's internal control system, there are compliance regulations for the protection of customers' rights and interests, and a customer service department is established to take charge of handling and assisting sales units in dealing with customer rights and complaints. The Company actively cares about how customers wear the shoes after purchase from time to time. For the main customers who have not repurchased for a long time, the Company takes a questionnaire survey to understand the reasons why the customers did not repurchase as the reference for the Company, to improve the Company's	

<table>
<tr><th rowspan="2">Item for evaluation</th><th colspan="3">Operation</th><th rowspan="2">Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>products, quality and personnel service, to meet the needs of customers’ demands, to achieve the policy of respecting customers.
8. Liability insurance purchased by the Company for directors and supervisors:
The Company has approved upon the resolution of the board of directors on March 10, 2026 to purchase liability insurance for all directors and managerial</td><td></td></tr>
<tr><td></td><td></td><td></td><td>officers, and renewed the insurance on April 1, 2026. The status of directors' liability insurance is as follows:</td><td></td></tr>
</table>

Insured personnel	Insurance company	Insurance amount (NT$: thousand)	Insurance period	Insurance status
All directors and managerial officers	Fubon Insurance Co., Ltd.	159,800	Starting from: 2026/04/01 Ending at: 2027/04/01	Insurance renewed

Note: The insured amount is calculated based on the average USD spot exchange rate of the Bank of Taiwan on April 1, 2025.

IX. Please explain the improvements made, based on the latest Corporate Governance Evaluation results published by TWSE Corporate Governance Center, and propose enhancement measures for any issues that are yet to be rectified.

Pursuant to the results of the 8th Corporate Governance Evaluation results published by TWSE Corporate Governance Center in April 2024, the improvements made, and proposed enhancement measures for any issues that are yet to be rectified are described below:

A. Improvements made:

1. The Company’s greenhouse gas emissions for 2023 and 2024 have been assured by a third-party institution. The third-party assurance of the Company’s greenhouse gas emissions for 2025 was completed on March 31, 2026.
2. The Company has prepared its 2024 sustainability report in accordance with applicable regulations and with guidance from professional

Item for evaluation	Operation			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Summary	
consultants. The Company’s 2025 sustainability report was prepared in accordance with the ISO 14064 series of standards and the framework of ISO 14064-1:2018. The matter was also submitted to and approved by the Sustainability Development Committee on April 30, 2026, and by the Board of Directors on May 8, 2026. 3. The Company passed the ISO 27001 TAF Information Security Management System certification on September 30, 2025, and obtained the certificate on October 2, 2025. 4. In 2024 and 2025, the Company reported information such as the number of online sales transactions and the weight of packaging materials used for online shopping in accordance with the regulations of the Ministry of Environment’s Resource Circulation Administration, and such information was assured by a third-party institution. B. Improvements to be made: Propose a company succession plan and report it to the board of directors to strengthen corporate governance.				

Evaluation form for CPA evaluation

One. Review of independence requirements (tick "Yes" for any of the following items, the specific facts shall be further understood)

Item No.	Description of appraisal	Please tick			Remarks
		Yes	No	N/A	
01	Do the CPAs themselves or their spouses or minor children invest in or share financial interests with the Company?		V		
02	Do the CPAs themselves or their spouses or minor children have any loan with the Company? However, this is not applicable if the Company is a financial institution with the normal business transactions.		V		
03	Are the CPAs or audit services team members currently or in the past two years serving as directors, managerial officers, or positions that have a significant impact on audit cases in the Company?		V		
04	Do the CPAs or audit services team members promote or broke the shares or other securities issued by the Company?		V		
05	Do the CPAs or audit services team members represent the Company to defense in legal cases or other disputes between the Company and third parties in addition to the business permitted by law?		V		
06	Do the CPAs or audit services team members have any relationship with the Company's directors, managerial officers, or personnel with positions that have a significant impact on audit cases such as spouses, lineal blood relatives, lineal relatives by marriage, or blood relatives within the second degree of kinship?		V		
07	Is any joint CPAs who has retired/resigned within one year serving as a director, managerial officer, or a position of the Company that has a significant impact on the audit case?		V		
08	Do the CPAs or audit services team members accept gifts or special offers of great value from the Company or directors, managerial officers or major shareholders?		V		
09	Are the CPAs currently employed by the client or the auditee with a regular job, receive a fixed salary, or serves as a director or supervisor?		V		

2. Independent operation review (check "No" for any of the following items, the specific facts shall be further understood)					
Item No.	Description of appraisal	Please tick			Remarks
		Yes	No	N/A	
01	Have the CPAs recused themselves from undertaking any engagement that has a direct or material indirect interest relationship with the CPAs and affects their impartiality and independence?	V			
02	When the CPAs provide audit, review, or special review of financial statements and prepares an opinion, in addition to maintaining independence in substance, do they also maintain independence?	V			
03	Are the audit services team members, other jointly practicing CPAs or shareholders of corporate accounting firms, accounting firms, affiliates of the firm and alliance firms also maintaining independence from the Company?	V			
04	Do the CPAs perform professional services with integrity and rigor?	V			
05	Do the CPAs maintain a fair and objective position when performing professional services, and do they avoid prejudice, conflicts of interest or interests affecting their professional judgment?	V			
Three. Review of competence					
Item No.	Description of appraisal	Please tick			Remarks
		Good	Normal	Poor	
01	Have the CPAs had any disciplinary records from the CPA Discipline Committee in the past two years? Has this accounting firm been involved in any major lawsuits in the past two years or now?	V			
02	Does the accounting firm have sufficient scale, resources and geographic coverage to handle corporate audit services?	V			
03	Does the accounting firm have clear quality control procedures? Does it cover the levels and key points of the audit procedures, ways of handling audit issues and judgments, independent quality control inspections, and risk management.	V			
04	Does the accounting firm notify the board of directors of any significant issues and developments regarding risk management, corporate governance, finance and accounting and related risk control in a timely manner?	V			
Four. Review opinion of assessment					
■ Passed the review, and the recommendation is to engage/ maintain the engagement □ Others Description of reason: none.					

Audit Quality Indicators (AQIs)					
	Aspect 1	Aspect 2	Aspect 3	Aspect 4	Aspect 5
	Professionalism	Quality control	Independence	Supervision	Innovation capability
Audit Quality Indicators	(1-1) Audit experience	(2-1) CPAs' workload	(3-1) Non-audit service fees	(4-1) Deficiencies in external inspection and disposition	(5-1) Innovative planning or initiative
	(1-2) Training hours	(2-2) Audit input	(3-2) Customer familiarity	(4-2) The improvement required by the competent authority by issuing letters	
	(1-3) Mobility	(2-3) EQCR review status			
	(1-4) Professional support	(2-4) Ability to support quality control			

Evaluation review opinion: After referring to the inspection deficiencies of the competent authority and the comparison with the industry average, the audit quality is generally better than other industry averages.

Directors and supervisors' continuing education

Title	Name	Date of appointment	Training date	Course name	Organizers	Training hours	Whether the continuing education meets the requirements
Chairman	Jung-Yueh Lo	2012/05/08	2013/02/19	Corporate governance and securities-related laws and regulations	Taiwan Corporate Governance Association	3	Yes
			2013/04/11	Types of Financial Crisis and Case Analysis	Taiwan Corporate Governance Association	3	Yes
			2013/04/18	Practice of Corporate M&A	Taiwan Corporate Governance Association	3	Yes
			2013/04/25	Corporate Governance and Internal Control	Taiwan Corporate Governance Association	3	Yes
			2013/05/02	Corporate Governance and Operation of Shareholders' Meeting Agenda	Taiwan Corporate Governance Association	3	Yes
			2013/11/28	The 9th Taipei Corporate Governance Forum	Taiwan Corporate Governance Association	6	Yes
			2014/03/25	Corporate governance and securities-related laws and regulations	Taiwan Corporate Governance Association	3	Yes
			2015/03/25	From Operational Practices of the Board of Directors to Corporate Social Responsibility	Taiwan Corporate Governance Association	3	Yes
			2015/08/14	Compliance with Labor Laws and the Legal Responsibilities of Persons in Charge of Enterprises	Taiwan Corporate Governance Association	3	Yes
			2016/03/22	How to Perform Well for Trade Secret Protection and Prevention of Fraud, and Strengthen Corporate Governance	Taiwan Corporate Governance Association	3	Yes
			2016/08/09	Awareness that Directors Should Have Regarding Compliance with Labor Laws and Legal Responsibilities	Taiwan Corporate Governance Association	3	Yes
			2017/03/13	Introduction to Electronic Voting for Shareholders' Meeting Current Status of International Corporate Governance and Corporate Social Responsibility Development	Taiwan Corporate Governance Association	3	Yes
			2017/08/02	Group governance	Taiwan Corporate Governance Association	3	Yes
			2018/03/21	C2B Reverse Commercial Era	Taiwan Corporate Governance Association	3	Yes
			2018/08/07	Influence of Corporate Governance, Internal Control and Responsibilities of Directors and Supervisors from the Latest Amendment to the Company Act	Taiwan Corporate Governance Association	3	Yes
			2019/03/19	Grasp the Global Economic Situation and the Pulse of Technology_Key Issues of Enterprises	Taiwan Corporate Governance Association	3	Yes
			2019/08/06	Corporate Governance and Enterprise Development	Taiwan Corporate Governance Association	3	Yes
			2020/03/24	Key Points of Corporate Governance Regulation Updates and Ideal Board of Directors	Taiwan Corporate Governance Association	3	Yes
			2020/08/11	Accountability and Leadership	Taiwan Corporate Governance Association	3	Yes
			2021/03/23	Analysis of Corporate Social Responsibility and Remuneration System	Taiwan Corporate Governance Association	3	Yes
			2021/08/09	Challenges, Opportunities and Strategic Thinking in the Pandemic Era	Taiwan Corporate Governance Association	3	Yes
			2022/03/22	Basic Concepts and Applications of Metaverse, NFT, Web 3.0 and Community	Taiwan Corporate Governance Association	3	Yes
			2022/08/09	Accelerators for Corporate Sustainability - CSR, ESG and SDGs	Taiwan Investor Relations Institute	3	Yes
			2023/08/08	New Trends in the Post-Pandemic Digital Market	Taiwan Investor Relations Institute	3	Yes
			2023/11/09	Paradigm Shift of Management Mindset	Taiwan Investor Relations Institute	3	Yes
			2024/05/07	Digital Era Management and Innovation Trend	Taiwan Investor Relations Institute	3	Yes
			2024/11/05	Innovation of the Second Curve	Taiwan Investor Relations Institute	3	Yes
			2025/05/09	AI Innovation Applications and Economic Development	Taiwan Investor Relations Institute	3	Yes
			2025/12/26	AI Empowerment and Transformation Strategies: From Trend Insights to Strategic Decision-Making	Taiwan Investor Relations Institute	3	Yes

Title	Name	Date of appointment	Training date	Course name	Organizers	Training hours	Whether the continuing education meets the requirements
Legal representative	A-Tou Lin	2024/06/18	2015/08/14	Compliance with Labor Laws and the Legal Responsibilities of Persons in Charge of Enterprises	Taiwan Corporate Governance Association	3	Yes
			2015/10/16	How to Perform Well for Trade Secret Protection and Prevention of Fraud, and Strengthen Corporate Governance	Taiwan Corporate Governance Association	3	Yes
			2015/11/20	Directors'/Supervisors' Responsibility in Information Disclosures and Misstatements	Taiwan Corporate Governance Association	3	Yes
			2015/12/22	Detection Skills for Fraud in Financial Reports	Taiwan Corporate Governance Association	3	Yes
			2016/03/22	How to Perform Well for Trade Secret Protection and Prevention of Fraud, and Strengthen Corporate Governance	Taiwan Corporate Governance Association	3	Yes
			2016/08/09	Awareness that Directors Should Have Regarding Compliance with Labor Laws and Legal Responsibilities	Taiwan Corporate Governance Association	3	Yes
			2017/03/13	Introduction to Electronic Voting for Shareholders' Meeting Current Status of International Corporate Governance and Corporate Social Responsibility Development	Taiwan Corporate Governance Association	3	Yes
			2017/08/02	Group governance	Taiwan Corporate Governance Association	3	Yes
			2018/03/21	C2B Reverse Commercial Era	Taiwan Corporate Governance Association	3	Yes
			2018/08/07	Influence of Corporate Governance, Internal Control and Responsibilities of Directors and Supervisors from the Latest Amendment to the Company Act	Taiwan Corporate Governance Association	3	Yes
			2019/03/19	Grasp the Global Economic Situation and the Pulse of Technology_Key Issues of Enterprises	Taiwan Corporate Governance Association	3	Yes
			2019/08/06	Corporate Governance and Enterprise Development	Taiwan Corporate Governance Association	3	Yes
			2020/03/24	Key Points of Corporate Governance Regulation Updates and Ideal Board of Directors	Taiwan Corporate Governance Association	3	Yes
			2020/08/11	Accountability and Leadership	Taiwan Corporate Governance Association	3	Yes
			2021/03/23	Analysis of Corporate Social Responsibility and Remuneration System	Taiwan Corporate Governance Association	3	Yes
			2021/08/09	Challenges, Opportunities and Strategic Thinking in the Pandemic Era	Taiwan Corporate Governance Association	3	Yes
			2022/03/22	Basic Concepts and Applications of Metaverse, NFT, Web 3.0 and Community	Taiwan Corporate Governance Association	3	Yes
			2022/08/09	Accelerators for Corporate Sustainability - CSR, ESG and SDGs	Taiwan Investor Relations Institute	3	Yes
			2023/08/08	New Trends in the Post-Pandemic Digital Market	Taiwan Investor Relations Institute	3	Yes
			2023/11/09	Paradigm Shift of Management Mindset	Taiwan Investor Relations Institute	3	Yes
			2024/05/07	Digital Era Management and Innovation Trend	Taiwan Corporate Governance Association	3	Yes
			2024/11/05	Innovation of the Second Curve	Taiwan Corporate Governance Association	3	Yes
			2025/05/09	AI Innovation Applications and Economic Development	Taiwan Investor Relations Institute	3	Yes
			2025/12/26	AI Empowerment and Transformation Strategies: From Trend Insights to Strategic Decision-Making	Taiwan Investor Relations Institute	3	Yes
Independent Director	Hsin-Hsiung Lu	2018/06/21	2021/03/23	Analysis of Corporate Social Responsibility and Remuneration System	Taiwan Corporate Governance Association	3	Yes
			2021/08/09	Challenges, Opportunities and Strategic Thinking in the Pandemic Era	Taiwan Corporate Governance Association	3	Yes
			2023/08/08	New Trends in the Post-Pandemic Digital Market	Taiwan Investor Relations Institute	3	Yes
			2023/11/09	Paradigm Shift of Management Mindset	Taiwan Investor Relations Institute	3	Yes
			2024/05/07	Digital Era Management and Innovation Trend	Taiwan Corporate Governance Association	3	Yes
			2024/11/05	Innovation of the Second Curve	Taiwan Corporate Governance Association	3	Yes

Title	Name	Date of appointment	Training date	Course name	Organizers	Training hours	Whether the continuing education meets the requirements
Independent Director	Hsin-Hsiung Lu	2018/06/21	2025/05/09	AI Innovation Applications and Economic Development	Taiwan Investor Relations Institute	3	Yes
			2025/12/26	AI Empowerment and Transformation Strategies: From Trend Insights to Strategic Decision-Making	Taiwan Investor Relations Institute	3	Yes
Independent Director	Li, Pei-Yuan	2023/06/19	2023/07/13	Talent Development and Corporate Sustainability	Securities and Futures Institute	3	Yes
			2023/07/14	Talking about Corporate Governance Blueprint 3.0 and Directors' Responsibilities	Securities and Futures Institute	3	Yes
			2023/08/08	New Trends in the Post-Pandemic Digital Market	Taiwan Investor Relations Institute	3	Yes
			2023/11/09	Paradigm Shift of Management Mindset	Taiwan Investor Relations Institute	3	Yes
			2024/05/07	Digital Era Management and Innovation Trend	Taiwan Corporate Governance Association	3	Yes
			2024/11/05	Innovation of the Second Curve	Taiwan Corporate Governance Association	3	Yes
			2025/05/09	AI Innovation Applications and Economic Development	Taiwan Investor Relations Institute	3	Yes
			2025/12/26	AI Empowerment and Transformation Strategies: From Trend Insights to Strategic Decision-Making	Taiwan Investor Relations Institute	3	Yes
Independent Director	Pan, Chin-Shu	2024/06/18	2024/07/23	Types and Scope of Carbon Inventory	The National Federation of CPA Associations of the R.O.C.	3	Yes
			2024/07/23	Production of the process flow chart	The National Federation of CPA Associations of the R.O.C.	3	Yes
			2024/10/08	Money Laundering Types to be Noted by CPAs and Case Study on Tax Crime	The National Federation of CPA Associations of the R.O.C.	3	Yes
			2024/11/05	Innovation of the Second Curve	The National Federation of CPA Associations of the R.O.C.	3	Yes
			2024/11/08	Understanding of the Key Elements of ESG report	The National Federation of CPA Associations of the R.O.C.	3	Yes
			2025/05/09	AI Innovation Applications and Economic Development	Taiwan Investor Relations Institute	3	Yes
			2025/12/26	AI Empowerment and Transformation Strategies: From Trend Insights to Strategic Decision-Making	Taiwan Investor Relations Institute	3	Yes

(IV) If a remuneration committee is established within the Company, the composition, responsibilities, and functioning of such a committee must be disclosed

On August 10, 2012, the Company's board of directors resolved to approve the Charter of Remuneration Committee, and establish the Remuneration Committee. The Remuneration Committee aims to assist the board of directors in implementing and evaluating the Company's overall remuneration and welfare policies, the remuneration of directors and managerial officers; the relevant proposals are resolved by the board of directors. The Remuneration Committee operates as the Charter requires to improve the corporate governance.

1. Information about remuneration committee members

Status \ Qualifications \ Name		Professional qualifications and experience	Independence analysis	Number of positions as Remuneration Committee member in other public companies
Independent Director (Convener)	Hsin-Hsiung Lu	The Remuneration Committee consists of all three independent directors. Please refer to page 5-6 for their professional qualifications and experience.	All members of the Remuneration Committee comply with the following: 1. Meeting the requirements of Article 14-6 of the Securities and Exchange Act , and the “Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange” (Note 1) promulgated by the Financial Supervisory Commission. 2. Not holding the Company’s shares by him/herself (or in others’ names), the spouse, or minor children. 3. Not receiving amount of compensations by providing commercial, legal, financial, accounting or related services to the company or any affiliate of the company in the most recent two years.	0
Independent Director	Li, Pei-Yuan			0
Independent Director	Pan, Chin-Shu			0

Note1: Those who are employed on the date of the annual report stamp.

Note 2: During the two years before being elected or during the term of office, not having been or be any of the following:

(1) An employee of the company or any of its affiliates.

(2) A director or supervisor of the Company or any of its affiliated companies.

(3) A natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.

(4) A spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under (1) or any of the persons in (2) and (3).

(5) A director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27 of the Company Act.

(6) If a majority of the company's director seats or voting shares and those of any other company are controlled by the same person: a director, supervisor, or employee of that other company.

(7) If the Chairman, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: a director (or governor), supervisor, or employee of that other company or institution.

(8) A director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company.

(9) A professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT$500,000, or a spouse thereof Provided , this restriction does not apply to a member of the remuneration committee of the Company.

2. Duties of the Remuneration Committee
   (1) Periodically reviewing this Charter and making recommendations for amendments.
   (2) Establishing and periodically reviewing the performance assessment standards, annual and long-term performance goals, and the policies, systems, standards, and structure for the compensation of the directors, supervisors, and managerial officers of this Corporation, and disclose the contents of the performance assessment standards in the annual report.
   (3) Periodically assessing the degree to which performance goals for the directors, supervisors, and managerial officers of this Corporation have been achieved, setting the types and amounts of their individual compensation based on the results of the reviews conducted in accordance with the performance assessment standards.
3. Operations of Remuneration Committee
   (1) The Company's Remuneration Committee consists of three (3) members.
   (2) The term of the current members is from June18, 2024 to June17, 2027. The number of remuneration committee meetings held in the most recent fiscal year was Two. The attendance by the members was as follows:

Title	Name	Actual Attendance	Proxy Attendance	Percentage of actual (proxy) attendance (%)	Remarks
Convener	Hsin-Hsiung Lu	2	0	100%	
Committee member	Li, Pei-Yuan	2	0	100%	
Committee member	Pan, Chin-Shu	2	0	100%	

Other remarks:
I. The board of directors does not accept, or amends, any recommendation of the remuneration committee: none.
II. With respect to any matter for resolution by the remuneration committee, if there is any dissenting or qualified opinion of a committee member that is on record or stated in writing: none.
III. Cause of discussion by the Remuneration Committee, the resolutions adopted, and the measures taken by the Company with respect to the members' opinion:

Meeting date (session and term)	Cause of discussion	Resolution result	The Company's treatment to the members' opinions
The 3th meeting of the 6th Remuneration Committee 2025/03/04	Proposal not to distribute the employee and director remuneration for 2024	Unanimously approved by the present committee member	Submitted to the board and unanimously approved by the present directors
	Discussion on the remuneration to the Company's new financial officers	Unanimously approved by the present committee member	Submitted to the board and unanimously approved by the present directors
The 4th meeting of the 6th Remuneration Committee 2025/12/17	Proposal to discuss the 2025 working plan of the Remuneration Committee	Unanimously approved by the present committee member	Submitted to the board and unanimously approved by the present directors

Meeting date (session and term)	Cause of discussion	Resolution result	The Company's treatment to the members' opinions
The 4th meeting of the 6th Remuneration Committee 2025/12/17	Proposal to distribute the 2023 year-end bonus managerial officers	Unanimously approved by the present committee member	Submitted to the board and unanimously approved by the present directors
	Proposal to review various remunerations intended to be implemented in 2024	Unanimously approved by the present committee member	Submitted to the board and unanimously approved by the present directors
	Proposal to review the extent of managerial officers applicable to the pre-review of their remunerations required to be submitted to the Remuneration Committee	Unanimously approved by the present committee member	Submitted to the board and unanimously approved by the present directors

IV. Evaluation cycle, period, scope, method and content of the self (or peer) evaluation of the Remuneration Committee:

(I) Regarding the performance evaluation of the Remuneration Committee, individual board members and functional committees, the main evaluation cycle and period, evaluation scope and method, evaluation execution unit, evaluation procedures and other matters to be complied with shall be based on the Company's "Regulations Governing Self-evaluation or Peer Evaluation for the Remuneration Committee"

(II) Implementation of Evaluations of the Remuneration Committee

A. Internal self-evaluation

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation approach	Evaluation content	Evaluation results
Internal self-evaluation: once per year To be completed before the first board meeting in the next year.	Evaluate the performance of the Remuneration Committee between January 1, 2025 and December 31, 2025.	Include the performance evaluation on the Remuneration Committee.	Self-evaluation of the Remuneration Committee, or performance evaluation performed in any other appropriate manner.	I. Their degree of participation in the company's operations. II. The quality of Remuneration Committee's decision-making quality. III. The composition and structure of the Remuneration Committee. IV. Election, expertise and continuing education of the Remuneration Committee members V. Internal control VI. Awareness of the duties of the Remuneration Committee;	Following the performance evaluation conducted through the Compensation Committee members' self-assessment, the Compensation Committee's average self-evaluation score was 4.754. The operation of the Company's Compensation Committee in 2025 was considered generally sound and in compliance with corporate governance requirements, and was approved by the Board of Directors on May 8, 2026.

Note: The in-person attendance rate (%) should be calculated based on the number of remuneration committee meetings held and the number they attended in person during the period they were on the committee.

(V) The foundation, responsibilities, and functionality of the Nomination Committee:

On March 25, 2015, the Company's board of directors resolved to approve the Charter of Nomination Committee, and establish the Nomination Committee. The Nomination Committee aims to assist the board of directors in searching, reviewing, and nominating the director candidates, establishing and developing the organizational structure of board of directors, to ensure the proper composition of the board of directors. Relevant proposals have been resolved by the board of directors. The Nomination Committee operates as the Charter requires to improve the corporate governance.

1. Information of Nomination Committee members

Status	Name of member	Expertise
Independent Director	Li, Pei-Yuan	Healthcare management, public health, and Business management
Independent Director	Hsin-Hsiung Lu	Healthcare management, public health, and industrial management
Independent Director	Pan, Chin-Shu	Business management, finance and accounting, and Sustainable development

Note：Those who are employed on the date of the annual report stamp.

2. Key responsibilities of the Nomination Committee

With authorization from the board of directors (below, "the board"), the Committee shall exercise the due care of a good administrator to faithfully perform the following duties and shall submit its proposals to the board for discussion:

(1) Laying down the standards of independence and a diversified background covering the expertise, skills, experience, gender, etc. of members of the board, and finding, reviewing, and nominating candidates for directors based on such standards.

(2) Establishing and developing the organizational structure of the board and each committee, and evaluating the performance of the board, each committee, and each director and senior executive and the independence of the independent directors. The Committee shall undertake the following tasks:

A. Prescribing standards for establishment and qualifications for members and recommending an organizational charter for each committee under the board of directors, reviewing these standards and charters at least once every year, and presenting timely recommendations to the board regarding amendments.

B. Reviewing the qualifications of member candidates for each board committee and any potential conflict of interests, and recommending to the board new members and candidates for the conveners of each committee.

C. Evaluating the performance of each director, the convener and the members of each board committee, and the senior executives every year and providing recommendations to the board on the necessity of replacements. The terms of the convener and the members of each board committee shall be consistent with the terms of the directors and supervisors, and in principle shall be three-year terms.

(3) Establishing and reviewing on a regular basis programs for director continuing education and the succession plans of directors and senior executives.

3. Operation of the Nomination Committee:

(1) The Company's Nomination Committee consists of three members.

(2) The term of the current members is from June 18, 2024 to June 17, 2027. The number of nomination committee meetings held in the most recent fiscal year was two. The attendance by the members was as follows:

Title	Name	Professional qualifications and experience	Actual Attendance	Proxy Attendance	Percentage of actual (proxy) attendance (%)	Remarks
Convener	Li, Pei-Yuan	The Nomination Committee consists of all three independent directors. Please refer to page 9~10 for their professional qualifications and experience.	2	0	100%	
Committee member	Hsin-Hsiung Lu		2	0	100%	
Committee member	Pan, Chin-Shu		2	0	100%	

Other remarks:

(I) The board of directors does not accept, or Nomination Committee: none.

(II) With respect to any matter for resolution by the Nomination Committee, if there is any dissenting or qualified opinion of a committee member that is on record or stated in writing: none.

(III) Cause of discussion by the Nomination Committee, the resolutions adopted, and the measures taken by the Company with respect to the members' opinion:

Meeting date (session)	Cause of discussion	Resolution result	The Company's treatment to the members' opinions
The 2nd meeting of the 5th Nomination Committee 2025/03/04	Proposal to review the 2024 directors' continuing education	Unanimously approved by the present committee member	Submitted to the board and unanimously approved by the present directors
	Proposal to assess the independence of the independent directors	Unanimously approved by the present committee member	Submitted to the board and unanimously approved by the present directors
The 3rd meeting of the 5th Nomination Committee 2025/12/17	Proposal to establish the 2026 directors' continuing education	Unanimously approved by the present committee member	Submitted to the board and unanimously approved by the present directors

V. Evaluation cycle, period, scope, method and content of the self (or peer) evaluation of the Remuneration Committee:

(I) Regarding the performance evaluation of the Nomination Committee, individual board members and functional committees, the main evaluation cycle and period, evaluation scope and method, evaluation execution unit, evaluation procedures and other matters to be complied with shall be based on the Company's "Regulations Governing Self-evaluation or Peer Evaluation for the Nomination Committee"

(II) Implementation of Evaluations of the Nomination Committee

A. Internal self-evaluation

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation approach	Evaluation content	Evaluation results
Internal self-evaluation: once per year To be completed before the first board meeting in the next year.	Evaluate the performance of the Nomination Committee between January 1, 2025 and December 31, 2025.	Include the performance evaluation on the Nomination Committee.	Self-evaluation of the Nomination Committee, or performance evaluation performed in any other appropriate manner.	I. The degree of participation in the company's operations. II. The quality of Remuneration Committee's decision-making quality. III. The composition and structure of the Remuneration Committee. IV. Election, expertise and continuing education of the Remuneration Committee members V. Internal control VI. Awareness of the duties of the Remuneration Committee;	Following the performance evaluation conducted through the Nomination Committee members' self-assessment, the Nomination Committee's average self-evaluation score was 4.842. The operation of the Company's Nomination Committee in 2025 was considered generally sound and in compliance with corporate governance requirements, and was approved by the Board of Directors on May 8, 2026.

Note: The percentage of actual (proxy) attendance (%) will be calculated based on the number of Nomination Committee's meetings held during active duty and the number of actual (proxy) attendance.

(VI) The foundation, responsibilities, and functionality of the Sustainable Development Committee:

The Board of Directors of the Company approved the formation of the Sustainable Development Committee Charter and the establishment of the Sustainable Development Committee on November 5, 2024. The Sustainable Development Committee aims to implement the sustainable development goals of the Company and strengthen the sustainable governance. Relevant proposals have been resolved by the board of directors. The Sustainable Development Committee operates as the Charter requires to improve the corporate governance.

1. Information of Sustainable Development Committee members

Status	Name of member	Expertise
Independent Director	Chin-Shu Pan	Business management, finance and accounting, and corporate governance
Vice President	Li-Ling Lo	Business management, finance and accounting, and corporate governance
Vice President	Mei-Lan Chang	Business management, personnel administration, and corporate governance

2. Key responsibilities of the Sustainable Development Committee

With authorization from the board of directors (below, "the board"), the Committee shall exercise the due care of a good administrator to faithfully perform the following duties and shall submit its proposals to the board for discussion:

(1) Formulation, promotion and enhancement of the Company's sustainable development policy, annual plan and strategy, etc.

(2) Review, tracking and revision of the implementation of sustainable development and results.

(3) Supervision of disclosure of the sustainability information and review of the sustainability report.

(4) Supervision of the execution of the business under the Company's Sustainable Development Best Practice Principles or other tasks related to the sustainable development resolved by the Board of Directors.

3. Operation of the Sustainable Development Committee:

(1) The Company's Sustainable Development Committee consists of three members.

(2) The term of the current members: From November 5, 2024 to June 17 2027. The Sustainable Development Committee has convened Two meeting in the most recent year. The attendance by the members was as follows:

Title	Name	Professional qualifications and experience	Actual Attendance	Proxy Attendance	Percentage of actual (proxy) attendance (%)	Remarks
Convener	Chin-Shu Pan	The Sustainable Development Committee consists of one independent director and two vice presidents. Please refer to Page16 for their professional qualifications and experience.	2	0	100%	
Committee member	Li-Ling Lo		2	0	100%	
Committee member	Mei-Lan Chang		2	0	100%	

Other remarks:

(I) The Board of Directors does not accept, or amends, any recommendation of the Sustainable Development Committee: None.

(II) With respect to any matter for resolution by the Sustainable Development Committee, if there is any dissenting or qualified opinion of a committee member that is on record or stated in writing: None.

(III) Cause of discussion by the Sustainable Development Committee, the resolutions adopted, and the measures taken by the Company with respect to the members' opinion:

Meeting date (session)	Cause of discussion	Result	The Company's treatment to the members' opinions
The 2nd meeting of the 1st Nomination Committee 2025/04/30	The Company's 2024 Sustainability Report Proposal	Unanimously approved by the present committee member	None
The 3rd meeting of the 1st Nomination Committee 2025/12/17	The Company's Annual Sustainability Development Work Plan	Unanimously approved by the present committee member	None
	The Company's 2025 Sustainability Report: Material Topics, Operational Risks, and Climate-Related Risks and Opportunities	Unanimously approved by the present committee member	None

(IV)Following the performance evaluation conducted through the Sustainability Development Committee members' self-assessment, the Sustainability Development Committee's average self-evaluation score was 3.667. The operation of the Company's Sustainability Development Committee in 2025 was considered generally sound and in compliance with corporate governance requirements, and was approved by the Board of Directors on May 8, 2026.

Note: The percentage of actual (proxy) attendance (%) will be calculated based on the number of Sustainable Development Committee's meetings held during active duty and the number of actual (proxy) attendance.

4. Sustainable Development Taskforce

In order to effectively implement the governance policy of the Sustainable Development Committee, the Company has established the Sustainable Development Committee. Meanwhile, according to Article 6 of the Sustainable Development Committee Charter on the performance of the Committee's responsibilities and the establishment of a sustainable development taskforce, Vice President Li-Ling Lo, who is the Sustainable Development Committee member, serves as the convener of the Committee. Further, full-time (part-time) units under the Sustainable Development Committee were also established (including the corporate governance group, sustainable environment group and social welfare group), in order to assist the Sustainable Development Committee in promoting various projects, pays attention to stakeholders, collects and reviews issues of concern to stakeholders, and compiles complete reports on important sustainability issues and specific promotion contents.

(VII) Promotion of Sustainable Development – Implementation Status and Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons

Item	Actual governance			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary	
I. Has the Company established a governance framework for promoting sustainable development, and established an exclusively (or concurrently) dedicated unit to be in charge of promoting sustainable development? Has the board of directors authorized senior management to handle related matters under the supervision of the board?	V		In order to strengthen the governance structure, the Company established the Sustainability Committee in 2024, with one independent director as the convener and two vice presidents of the Company as members. The committee is responsible for formulating environmental, social and corporate governance policies and supervising the implementation of various policies. The committee reports the implementation results and performance status to the Board of Directors at least twice a year, which is then approved by the Board of Directors. Ensure the implementation of the ESG sustainable development policy; review and approve the content of the ESG report, major themes and related management performance every year. For the composition, responsibilities and operation of the Sustainability Committee, please refer to page55-56..	No significant deviation
II. Does the company conduct the environmental, social and corporate governance risk evaluation related to corporate operation based on the materiality principle and stipulate related risk management policies or strategies?	V		The Company has established a sustainability issue identification mechanism based on the principle of materiality and with reference to the Global Reporting Initiative. Through the collection of stakeholder opinions and analysis of operational impacts, the Company identifies material issues as the basis for risk management and strategy formulation. The Company has incorporated ESG into its overall risk	No significant deviation

Item	Actual governance			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary	
			management framework. The risk management process includes risk identification, analysis, prioritization, and monitoring, with each responsible unit conducting regular reviews and reporting. Major risks cover environmental aspects (including carbon emissions and energy management), social aspects (including product quality and customer service, and occupational safety), and governance aspects (including supply chain management, legal and regulatory compliance, and brand reputation). For material risks, the Company has formulated relevant management measures, including promoting the application of circular footwear materials and energy-saving measures, strengthening product quality and customer service, establishing a supplier management system, and implementing internal control systems and ethical corporate management policies. The Board of Directors serves as the highest supervisory body for sustainable development and risk management. Going forward, the Company will continue to make reference to the standards of the International Sustainability Standards Board, strengthen climate risk assessment, quantitative management indicators, and the quality of information disclosure, and gradually introduce a third-party assurance mechanism to enhance corporate governance and sustainable development performance.	

Item	Actual governance			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary	
III. Environmental Issues (I) Has the Company set an environmental management system designed to industry characteristics?	V		(I) (I) Based on the operating characteristics of the retail industry, the Company has established an environmental management system and formulated the “Office Environmental Management Procedures,” which apply to its headquarters and all stores, to comprehensively promote energy conservation and environmental maintenance measures. Specific measures include installing recycling facilities, promoting lights-off practices during lunch breaks and air-conditioning controls, introducing energy-saving equipment, and regulating the use of lighting and air-conditioning during store operations, such as controlling usage during store opening and closing hours. The Company also strengthens employees’ awareness of energy conservation and encourages energy-saving habits through electricity-saving campaigns and ongoing education and awareness initiatives. Through systematic management and employee-wide participation, the Company continues to improve energy efficiency and reduce environmental impact.	No significant deviation
(II) Is the Company committed to enhance the utilization efficiency of resources and use renewable materials that are with low impact on the environmental?	V		(II) The Company is committed to improving resource efficiency and reducing its environmental impact, and actively promotes the use of recycled materials. In its operations, the Company gives priority to recycled paper materials to reduce the consumption of virgin resources	No significant deviation

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Actual governance</th><th rowspan="2">Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>and environmental impact. It also promotes a carton and shoebox recycling mechanism to strengthen resource circulation and reuse. Through a store recycling incentive system, the Company further encourages employee participation, improves recycling efficiency, and fosters an internal culture of circular resource management. Going forward, the Company will continue to expand the use of recycled materials and optimize resource management measures, in order to fulfill its objectives of sustainable operations and environmental protection.
Volume of cartons recovered and rewards for carton recycling in the last 2 years:
<table><tr><th>Year</th><th>Recycling of cartons (tonnes)</th><th>Rewards for recycling of cartons (NTD)</th></tr><tr><td>2024</td><td>14.92</td><td>41,560</td></tr><tr><td>2025</td><td>16.77</td><td>44,790</td></tr></table>The volume of cartons recycled in 2025 increased by 7.77% compared with 2024.</td><td></td></tr>
<tr><td>(III) Has the Company evaluated the potential risks and opportunities posed by climate change for its business now and in the future and adopted relevant measures to address them?</td><td>V</td><td></td><td>(III) The Company continues to monitor the potential risks and opportunities arising from climate change and assess their impact on energy use and operating costs, and, based on this assessment, promotes relevant response measures. In daily operations, the Company gradually</td><td>No significant deviation</td></tr>
</table>

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Actual governance</th><th rowspan="2">Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>(IV)Did the company collect data for the past two years on greenhouse gas emissions, volume of water consumption, and the total weight of waste, and establish policies for greenhouse gas reduction, reduction of water consumption, or management of other wastes?</td><td>V</td><td></td><td>optimizes electricity management and introduces high-efficiency energy-saving equipment, including energy-saving lighting and high-efficiency air-conditioning systems, to improve energy efficiency and reduce greenhouse gas emissions. Going forward, the Company will continue to strengthen energy management and carbon reduction measures to enhance its climate change adaptation capabilities and operational resilience.
(IV) The statistics of the Company's greenhouse gas emissions for the recent two years are as the table below:
<table><tr><th>Unit: kgCO2e</th><th>2024</th><th>2023</th><th>Increase (decrease)</th><th>%</th></tr><tr><td>Direct emission of mobile combustion</td><td>5,859.3</td><td>7,744.5</td><td>(1,885.2)</td><td>-24.34%</td></tr><tr><td>Direct emissions from greenhouse gas emissions in the human system (Note)</td><td>151,080.3</td><td>169,743.2</td><td>(18,662.9)</td><td>-10.99%</td></tr><tr><td>Purchased electricity</td><td>1,386,835.3</td><td>1,475,779.8</td><td>(88,994.5)</td><td>-6.03%</td></tr><tr><td>Total</td><td>1,543,774.9</td><td>1,653,267.5</td><td>(109,492.6)</td><td>-6.62%</td></tr></table>Note：Including septic tank and refrigerant leakage
Relevant statistics and carbon reduction policies are disclosed in the Company’s sustainability report. The Company’s greenhouse gas emissions are assured by KPMG Taiwan.</td><td>No significant deviation</td></tr>
</table>

Item	Actual governance			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary	
VI. Social Issues (I) Does the Company have the relevant management policies and procedures stipulated in accordance with the relevant laws and regulations and international conventions on human rights?	V		(I) To protect the fundamental human rights of employees and stakeholders, the Company has formulated human rights management policies and procedures in accordance with international human rights conventions and applicable laws and regulations. The Company supports and complies with the United Nations' "Universal Declaration of Human Rights," "Global Compact," and "Guiding Principles on Business and Human Rights," and makes reference to the International Labour Organization's "Declaration on Fundamental Principles and Rights at Work." The Company implements the business philosophy of respecting human rights, ensures non-discrimination and non-infringement of fundamental rights and interests, and treats all employees, contract and temporary personnel, interns, and other workers with dignity. In addition, the Company strictly complies with the labor laws and regulations of the jurisdictions where it operates. The Company has established its "Work Rules," which have been submitted to and approved by the competent authority for recordation, clearly specifying the rights and obligations of both labor and management, protecting employees' lawful rights and interests, and striving to create a safe, equal, and harmonious workplace.	No significant deviation

Item	Actual governance			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary	
(II) Does the company stipulate and implement reasonable employee benefits measures (including remuneration, leaves and other benefits) and properly reflect the operation performance or result on employee remuneration?	V		(II) The Company has the employee code of conduct in place, specifying various benefit measures, as well as the regulations for performance reward to stipulate criteria of the reward and disciplinary actions for employees. In addition, the proportion of female in the Company is more than two-thirds (due to the characteristics of the industry), and female in senior management also more than a half. Availability and execution of employee welfare, education, training and retirement policies. Elaborate on the agreements made between employers and employees, and the protection of employees' rights. (1) Employee benefit measures and implementation there of The welfare measures provided by the Company: annual performance appraisal bonus, talent recommendation bonus, wedding and funeral subsidies, gift certificates/gift money for three festivals, year-end party, employee activities organized by the Employee Welfare Committee, labor/ national health insurance, group insurance, pension contribution, employee shoe-buying discounts, employee uniforms & shoes, domestic and foreign travel, among other things. (2) The Company upholds the founder's strategy of developing diverse talent and integrates resources	No significant deviation

Item	Actual governance			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary	
			from industry, government, and academia. Based on professional and managerial competency models, the Company implements various digital and in-person training programs, including training for new employees, professional and managerial competency training, and training for supervisors at all levels. In line with organizational development needs, the Company also plans succession development programs and has established a talent assessment center. The Company also keeps pace with the times by collaborating with external resources to provide more diversified professional courses. For employee training courses in 2025, please refer to pages 151-153. (3) According to the Labor Pension Act, the Company contributes no less than 6% of the employee's monthly salary to his/her labor pension account in the Bureau of Labor Insurance every month. Pursuant to the Labor Pension Act, workers who turn 60 years of age may draw their pension. Workers who have made pension contributions for 15 years or more may choose to draw their pension monthly or in a lump sum to meet different needs and preferences. (4) Business performance or results are appropriately reflected in employee remuneration:	

Item	Actual governance			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary	
			The Company’s Board of Directors resolved on November 7, 2025 to set the minimum salary for non-primary-duty employees at NT$63,000. a. Article 27 of the Company's Articles of Incorporation: In order to motivate employees and the management team, after offsetting the loss with the profit before tax and before deducting the remunerations to employees and directors, shall there be any balance, the Company provides one percent to ten percent from such balance as the employee remuneration. b. Frontline personnel are entitled to performance bonus, festival bonus and competition bonus: Variable salary 1. Performance and festival bonuses: The festival bonus is calculated based on the achievement of the performance target. 2. Competition bonus: Given according to the results of each competition. c. All employees are evaluated in accordance with the performance evaluation system and operating rules, and year-end bonuses are given based on the Company's operating results and individual performance. The Company also establishes the Remuneration Committee to formulate reasonable policies for employee appraisal and remuneration. Employee performance appraisals are conducted in the middle and the end of a	

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Actual governance</th><th rowspan="2">Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>(III) Does the Company provide employees with a safe and healthy work environment, and provide safety and health education to employees regularly?</td><td>V</td><td></td><td>year; the assessment results are used as the basis for employee salary adjustments, promotions, and bonuses.
(III) The Company regularly overhauls fire fighting and sanitation equipment, and provides breastfeeding rooms, to provide employees with a safe and healthy working environment, with regularly employee health examination arranged.
In addition, we have implemented the four major plans for labor health protection in accordance with the Occupational Safety and Health Act, and medical personnel are regularly stationed at the Company to provide on-site health services to assist employees with health problems and protect the physical and mental health of workers. The implementation in 2025 is as follows:
<table><tr><th>Date</th><th>On-site service time</th><th>Hours</th></tr><tr><td>2025/02/26</td><td>14:00~16:00</td><td>2</td></tr><tr><td>2025/04/26</td><td>14:00~16:00</td><td>2</td></tr><tr><td>2025/06/25</td><td>14:00~16:00</td><td>2</td></tr><tr><td>2025/08/21</td><td>14:00~16:00</td><td>2</td></tr><tr><td>2025/10/22</td><td>14:00~16:00</td><td>2</td></tr><tr><td>2025/12/30</td><td>14:00~16:00</td><td>2</td></tr></table>The Company has the Training and Development Department and a safety and health coordinators in place, to regularly promote health education, environmental sanitation, environmental safety</td><td>No significant deviation</td></tr>
</table>

Item	Actual governance			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary	
			measures, and disaster response and handling to employees, as the education and promotion for the employee safety and a healthy environment. According to regulations, employees shall participate in and pass the in-service training courses for first aid personnel and occupational safety and health managers every three years. The Company had no material occupational accidents in 2025.	
(IV) does the Company have an effective career capacity development training program established for the employees?	V		(IV) (IV) The Company has established a comprehensive talent development system and conducts various training programs based on competency models. By adopting a blended approach combining digital and in-person training, the Company enhances the effectiveness of talent development, with the aim of enabling every member who joins the SHUI-MU family to realize their full potential and build a promising future. For employee training courses in 2025, please refer to pages 151-153.	No significant deviation
(V) Does the company comply with the relevant laws and international standards with regards to customer health and safety, customer privacy, and marketing and labeling of products and services, and implement consumer protection and grievance policies?	V		(V) The Company complies with applicable laws and regulations and international standards in matters relating to customer health and safety, customer privacy, marketing, and labeling of products and services, and has established policies and grievance mechanisms to protect consumers' rights and interests. With respect to product marketing and labeling, the Company complies with the Commodity Labeling Act and the relevant footwear and apparel labeling criteria issued by the Ministry of	

Item	Actual governance			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary	
			Economic Affairs to ensure the accuracy and completeness of information on products and packaging. The Company has also established multiple customer service channels, including a toll-free 0800 hotline, the service email address on its official website, and an immediate feedback mechanism at stores. A dedicated customer service unit is responsible for coordinating the handling of customer complaints to ensure response efficiency and service quality. The Company also provides an "unconditional exchange within seven days for products that have not been worn" service to protect consumers' rights and interests and enhance customer satisfaction.	No significant deviation
(VI) Has the company formulated supplier management policies requiring suppliers to comply with relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and what is the status of their implementation?	V		(VI) The Company has established supplier management policies that incorporate environmental protection, occupational safety and health, and labor rights into supply chain management requirements. For major suppliers, the Company conducts regular annual evaluations and requires them to sign and comply with corporate social responsibility commitments to ensure compliance with applicable laws and regulations and sustainable operations principles. For suppliers that violate corporate social responsibility or relevant requirements, the Company will carefully evaluate the circumstances and, unless necessary, will no longer engage with them, in order to reduce operational and reputational risks. The Company also discloses supplier	No significant deviation

Item	Actual governance			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary	
			corporate social responsibility commitments on its website for inquiry by suppliers and stakeholders, thereby enhancing supply chain transparency and management effectiveness.	
IV. Does the company refer to international reporting standards or guidelines when preparing its sustainability report and other reports disclosing non-financial information? Does the company obtain third party assurance or certification for the reports above?	V		The Company prepares and discloses non-financial information reports in accordance with the relevant regulations for listed companies and the sustainability information disclosure requirements promoted by the competent authorities. The report is prepared with reference to the core option of the Global Reporting Initiative Standards (GRI Standards). Taking into account industry characteristics and issues of concern to stakeholders, the report comprehensively discloses the Company's management approaches and performance in environmental, social, and corporate governance (ESG) aspects. The Company has completed the preparation of its 2024 Sustainability Report and publicly disclosed it on the Company's website, continuing to enhance information transparency and disclosure quality. In line with the competent authorities' development trends for sustainability information disclosure by listed companies, the Company plans to introduce a third-party verification/assurance mechanism from 2027 and engage a professional institution to issue verification or assurance opinions, thereby strengthening the credibility and reliability of the information.	No significant deviation

Item	Actual governance			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary	
VI. If the Company has adopted its own sustainable development best practice principles based on the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, please describe any deviation from the principles in the Company's operations: The Company has established its sustainability-related regulations in accordance with the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies," and promotes various sustainable management measures accordingly. In the course of its operations, the Company takes into account the rights and interests of stakeholders. While pursuing sustainable operations and profit growth, the Company actively incorporates environmental, social, and corporate governance factors into its business strategies and daily management practices. The Company regularly reviews the implementation status of its sustainable development principles, and continues to enhance and adjust its practices in line with the competent authorities' regulations on sustainable governance for listed companies. Based on the assessment, there is currently no material deviation between the Company's actual operations and its established principles. Overall operations are in compliance with applicable laws and regulations and governance requirements.				
VII. Other important information that facilitates understanding of the implementation status of corporate social responsibility: In accordance with the relevant sustainability disclosure regulations for listed companies, the Company fully discloses information on the implementation of corporate social responsibility, or ESG, on its website. Such disclosure covers aspects including employee care, product responsibility, customer care, shareholder commitments, social welfare, and environmental sustainability, thereby enhancing information transparenc and responding to issues of concern to stakeholders. (I) Environmental Protection: The Company is committed to reducing the environmental impact of its operations. It has established standard operating procedures (SOPs) for product packaging at the central warehouse to optimize packaging efficiency and reduce resource waste. The Company continues to promote the recycling and reuse of shoeboxes and cartons. Through employee incentive programs (such as recycling bonuses and recognition as "Earth Care Champions"), the Company encourages employee-wide participation and promotes resource circulation and carbon reduction benefits. At the same time, through its supply chain management mechanism, the Company encourages business partners to apply for recycled cartons through the SCM system for circular reuse. By working together to implement a green supply chain, the Company reduces the consumption of natural resources and environmental impact. (II) Social Participation and Public Welfare Activities: The Company has long been committed to social welfare and local care, and actively fulfills its corporate social responsibility. In gratitude for				

Item	Actual governance			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary	
the support and cultivation received from his hometown, founder Shui-Mu Lo donated funds to establish the "A.S.O Shui-Mu Lo Memorial Library" in Dongshan Township, Yilan County, and continues to make regular donations for book purchases. He also donated ambulances to local government fire departments to enhance public medical and emergency rescue resources. In addition, the Company participated in volunteer services for the World Masters Games and worked with the SHUI-MU Culture and Art Foundation and the Nan Shan Life Charity Foundation to promote charitable footwear donations and foot health care activities at "Cultural Health Stations" in remote townships across multiple counties and cities in Taiwan, thereby enhancing walking safety and quality of life for senior citizens. These public welfare activities have also been recognized and reported by multiple media outlets, demonstrating the Company's long-term commitment and social influence in senior care, support for local culture, and health promotion. The Company will continue to deepen its environmental sustainability and social participation initiatives, strengthen the value of shared prosperity between the Company and society, and enhance the sustainable influence of its brand. (III) Regarding consumers' rights and interests: The Company values consumer rights and service quality, and provides an "unconditional exchange within seven days for products that have not been worn" service mechanism to protect customers' rights and interests and enhance shopping confidence. The Company has also established a toll-free 0800 customer service hotline, a stakeholder section on its official website, and store service channels to provide diversified and timely feedback mechanisms. A dedicated unit coordinates the handling of customer complaints to continuously improve service quality and customer experience. (IV) Human Rights Protection The Company complies with applicable labor laws and regulations and international human rights principles, and is committed to creating a fair, diverse, and inclusive workplace. In recruitment, appointment, and development opportunities, the Company does not treat employees differently on the basis of gender, religion, political stance, or other factors. It has also established management mechanisms to prevent discrimination and workplace harassment, ensuring that employees work in a respectful and safe environment. (V) Occupational Safety and Health				

<table>
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<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td colspan="5">In accordance with occupational safety and health laws and regulations, the Company has established a safety and health management system and implements risk control and safety management measures for various working environments. Through regular awareness initiatives and education and training, the Company enhances employees’ safety awareness, continuously strengthens workplace safety, and prevents occupational accidents.
(VI)Other Social Responsibility Activities
A.The Company has established a “Charity Warehouse” mechanism. In the event of major domestic disasters or when disadvantaged groups in society have needs, the Company proactively provides footwear supplies as assistance to respond to social care needs in a practical manner. Through timely support and resource investment, the Company fulfills its responsibility to give back to society and exerts a positive corporate influence.
B.On September 23, 2025, Typhoon Haguibis severely impacted Hualien, causing flooding disasters due to the overflow of the Mataian River barrier lake. The Company also participated in disaster relief efforts in the Guangfu affected area by donating a batch of protective goggles and face masks to assist local residents in rebuilding their homes as soon as possible.</td></tr>
</table>

(VIII) Climate-Related Information of TWSE/TPEx Listed Company

Item	Implementation
1. Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.	1. The Company's Administrative Division has prepared a schedule for the implementation of greenhouse gas inventory, and reports to the board of directors quarterly pursuant to regulations.
2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).	2. The Company is in the retail industry, and the impact of climate risk factors on the Company is relatively small.
3. Describe the financial impact of extreme weather events and transformative actions.	3. Currently, the extreme weather events and transformative actions have no impact on the finance.
4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	4. Currently, climate factors have no impact on the Company's overall operating conditions, and the Company's Administrative Division will monitor and evaluate it at any time.
5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.	5. Currently, climate change poses no risk to the Company's operations.
6. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.	6. There is no corresponding transformation plan.
7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.	7. Currently, the internal carbon pricing is not adopted as a planning tool.
8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.	8. The Administrative Division has a schedule for the implementation of greenhouse gas inventory, and the follow-up planning and implementation are outsourced.
9. Greenhouse gas inventory and assurance status (separately fill out in point 1-1 below).	9. Please refer to the following table for the Greenhouse gas inventory and assurance status.

Basic information of the Company	Minimum required disclosure under the Sustainable Development Roadmap for TWSE/TPEx Listed Companies:
□ Capital of NT$10 billion or more, iron and steel industry, or cement industry □ Capital of NT$5 billion or more but less than NT$10 billion ■ Capital of less than NT$5 billion	□ Inventory for parent company only □ Inventory for all consolidated entities □ Assurance for parent company only □ Assurance for all consolidated entities

Scope 1	Total emission (Metric tons CO2e)	Intensity (ton CO2e/NT$ Million)	Assurance agency	Description of assurance
Parent company	156.9396		KPMG Taiwan	Of the Company's disclosed total greenhouse gas emissions, 156.9396 metric tons of CO_2e, representing 10.17% of total emissions, were subject to limited assurance for Scope 1 emissions by the assurance institution in accordance with Assurance Standard No. 3410 issued by the Accounting Research and Development Foundation. The assurance opinion was a reasonable assurance opinion.
Subsidiary				
...				
Total	156.9396			
Scope 2	Total emission (Metric tons CO2e)	Intensity (ton CO2e/NT$ Million)	Assurance agency	Description of assurance
Parent company	1,386.8353		KPMG Taiwan	Of the Company's disclosed total greenhouse gas emissions, 156.9396 metric tons of CO_2e, representing 10.17% of total emissions, were subject to limited assurance for Scope 1 emissions by the assurance institution in accordance with Assurance Standard No. 3410 issued by the Accounting Research and Development Foundation. The assurance opinion was a reasonable assurance opinion.
Subsidiary				
...				
Total	1,386.8353			
Scope 3				

Current progress and future schedule planning:

1.In 2027, the Company will complete the greenhouse gas inventory data and information for the parent company and subsidiaries on a consolidated basis for 2026.

2.In 2027, the Company will complete the assurance report on the greenhouse gas statement for the parent company and subsidiaries on a consolidated basis for 2026.

(IX) Deviation and causes of deviation between the implementation of ethical corporate management and Ethical Corporate Management Best Practice Principles for TPEx-Listed Companies

Item	Actual governance			Deviations from Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies and the causes of such deviations
	Yes	No	Summary	
I. Establishing ethical management policies and plans				
(I) Has the Company stipulated the ethical corporate management policies approved by the Board of Directors and stated in its Memorandum or external correspondence about the polices and practices it has to maintain business integrity? Are the board of directors and the management committed in fulfilling this commitment?	V		(I) The Company has established the Ethical Corporate Management Best Practice Principles approved by the board of directors; when evaluating business relationships and transaction counterparties, the following matters are reviewed for the counterparties to understand their ethical management: 1. The supplier's country, place of operation, organizational structure, business type, and place of payment. 2. The supplier's long-term operating conditions and goodwill. 3. Whether the supplier has any record of unethical conduct such as bribery. When the Company enters any contract with others, the compliance with ethical management is incorporated into the terms of the contract, specifying the following in the contract: 1. A party and its members (including but not limited to directors, managerial officers, employees, appointees or persons with substantial control capabilities, hereinafter referred to as "personnel") will never require, agree, accept or give any tangible or intangible improper benefits (including but not limited to bribery, commissions, kickbacks, or gifts) to personnel of the other party, or related companies (including but not limited to third parties related to transactions between the two parties). 2. When one party knows that its personnel or related companies	No significant deviation

Item	Actual governance			Deviations from Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies and the causes of such deviations
	Yes	No	Summary	
			(including but not limited to third parties related to the matters of both parties) are involved in the above-mentioned improper benefits, it should immediately take the initiative to inform the other party in writing or orally the name of involved personnel. 3. If either party is involved in the above-mentioned improper benefit in the contract or the transaction, the other party has the right to terminate the contract, other contracts or transactions unconditionally at any time. In 2025, all members of the Board of Directors and senior management have signed integrity statements, codes of ethics, confidentiality agreements, etc.	
(II) Whether the company has established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates, within a business context, the business activities with a higher risk of unethical conduct; has formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in	V		(II) To enable the directors, managerial officers, employees and substantial controllers to comply with such in the performance of business, to implement ethical management, the Company has stipulated the preventive measures for unethical conduct in the "Ethical Corporate Management Best Practice Principles." In addition, there are the Regulations for Ethical Conduct Management to take appropriate disciplinary actions to those who violate the code of ethic conduct and provide channels for complaints.	No significant deviation

Item	Actual governance			Deviations from Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies and the causes of such deviations
	Yes	No	Summary	
Article 7, paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/TPE Listed Companies? (III) Does the company clearly set out the operating procedures, behavior guidelines, and punishment and appeal system for violations in the unethical conduct prevention program, implement it, and regularly review and revise the plan?	V		(III) The Company requires the directors, managerial officers, employees and substantial controllers not to directly or indirectly provide, promise, request or accept any form of improper benefits when conducting business, including kickbacks, commissions, facilitation payments, or through other paths to provide to or accept from customers, agents, contractors, suppliers, public officials or other stakeholders for improper benefits.	No significant deviation
II. Ethical Management Practice (I) Does the company assess the ethics records of those it has business relationships with and include ethical conduct related clauses in the business contracts?	V		(I) The Company has established the "Ethical Corporate Management Best Practice Principles," specifying that business activities should be conducted in a fair and transparent manner, and transactions with those who have a record of unethical conduct shall be avoided.	No significant deviation

Item	Actual governance			Deviations from Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies and the causes of such deviations
	Yes	No	Summary	
(II) Has the company set up a dedicated unit to promote ethical corporate management under the board of directors, and does it regularly (at least once a year) report to the board of directors on its ethical corporate management policy and program to prevent unethical conduct and monitor their implementation?	V		(II) The Company has set up the Integrity Management Promotion Team. To promote the ethical management, it supervises all departments to comply with the norms specified in the "Ethical Corporate Management Best Practice Principles" based on their duties, and reports to the board of directors on a regular basis (at least once a year) about the ethical management policy, preventive program for the unethical conducts, and the supervision of the implementation thereof. 2025 working plan and duties: preparing and properly preserving the documented ethical management policy and the compliance statement, implementation of commitments and implementation status. In 2025, there was no unethical conduct.	No significant deviation
(III) Has the company established policies to prevent conflict of interests, provided appropriate communication and complaint channels, and properly implemented such policies?	V		(III) The Company has established the "Regulations for Ethical Conduct Management," specifying that the directors, managerial officers, and employees must not harm the Company's rights and interests for the benefit of specific individuals or groups.	No significant deviation
(IV) Does the company have effective	V		(IV) To ensure the ethical corporate management, the Company has established an effective accounting system and internal control	No significant deviation

Item	Actual governance			Deviations from Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies and the causes of such deviations
	Yes	No	Summary	
accounting and internal control systems in place to enforce ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit compliance with the systems to prevent unethical conduct or hire outside accountants to perform the audits?			system; the internal auditors regularly inspect the relevant implementation and compliance.	
(V) Does the company provide internal and external ethical corporate management training programs on a regular basis?	V		(V) Upon the resolution of the board of directors, the Company formulated the "Ethical Corporate Management Best Practice Principles" to regulate the Company and its subsidiaries to implement the Ethical Corporate Management Best Practice Principles. The Company regularly, or from time to time, conducts courses related to ethical management for directors and employees, and adopts various platforms for promotion, to implement the effectiveness of ethical management. The Company's participation in the internal and external education and training of ethical management during 2023: Internal and external education and training related to ethical	No significant deviation

Item	Actual governance			Deviations from Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies and the causes of such deviations
	Yes	No	Summary	
			management issues include compliance with laws and regulations of ethical management, corporate governance and enterprise development, accounting systems and internal control systems, with a total of 10 attendees for total of 102 hours.	
III. Implementation of Complaint Procedures (I) Has the company established specific whistle-blowing and reward procedures, set up conveniently accessible whistle-blowing channels, and appointed appropriate personnel specifically responsible for handling complaints received from whistle-blowers?	V		(I) The Company's "Ethical Corporate Management Best Practice Principles" provide a system for reporting unethical conducts or misconduct, and the "Regulations for Ethical Conduct Management" provide further regulations. It is encouraged to report to the management department or auditors and other appropriate channels if illegal or unethical conducts are found, or to file the complaint on the reporting platform at the Company's official website, such as: 1. Employee service team: yj_chiang@mail.aso.com.tw, Ms. Chiang 2. Customer service hotline: 0800027688, Customer Service Center 3. Investor mailbox: ir@mail.aso.com.tw, Miss Li 4. supplier:02-6618999, Merchandise Department Miss Wu Where the reported incidents are verified to be true, the reward program will be resolved in the personnel evaluation meeting. The safety of whistleblowers should be protected, and the Company promises that whistleblowers will not be unduly punished for whistleblowing.	No significant deviation
(II) Has the company established standard operation procedures for investigating the	V		(II) The Company’s “Ethical Corporate Management Best Practice Principles” has a reporting system in place. For each reported incident, an investigation team is set up to conduct a confidential investigation. Both the whistleblower and the reported incident are kept confidential. 1. Principles of acceptance:	No significant deviation

Item	Actual governance			Deviations from Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies and the causes of such deviations
	Yes	No	Summary	
complaints received, follow-up measures taken after investigation, and mechanisms ensuring such complaints are handled in a confidential manner?			If any of the following circumstances apply, a reported incident may be rejected or may not be investigated, provided that it shall be recorded in the whistleblowing list for future reference. I. The report was made anonymously. However, the report may be accepted if it contains concrete and clear content and is accompanied by verifiable information or directions, and the acceptance unit deems it necessary to investigate. II. The whistleblowing report fails to provide evidence to justify suspicion of violation or negligence. III. The same fact is currently under investigation or is being investigated and handled by other agencies, or has been reported by another person, with no concrete new evidence presented. However, the same does not apply if a subsequent whistleblower can provide important evidence that is more conducive to the investigation. IV. The same fact has been rejected or the case has been closed after investigation. However, this does not apply if the whistleblower presents new and concrete evidence to prove the need for re-investigation. V. The reported incident is within the scope of the whistleblower's nagement and supervision duties and the whistleblower fails to put forward suggestions or improvement advice at relevant company meetings or in accordance with the Company's relevant systems. However, this does not apply if the whistleblower presents evidence that after he/she provided his/her best suggestions or improvement advice, the Company refused to handle the case without valid reasons. If the whistleblower makes a report of the same incident to the	

Item	Actual governance			Deviations from Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies and the causes of such deviations
	Yes	No	Summary	
			prosecuting authority separately during the investigation of this Company, the Company may suspend the investigation.	
(III) Has the company adopted proper measures to protect whistle- blowers from retaliation for filing complaints?	V		(III) The Company has the responsibility to protect the whistleblowers, and it is stipulated in the Regulations for Ethical Conduct Management that the Company is responsible for keeping the identity of the whistleblower confidential, and does its best to protect the personal safety of the whistleblower, so that the whistleblower will not be subject to retaliation and threats. The mechanism also stipulates that the whistleblower shall not be dismissed, discharged or demoted, have their pay cut or their rights under law, contracts or custom damaged, or receive any other disadvantageous treatment. If the whistleblower believes that he/she has suffered disadvantageous treatment, he/she may file a complaint to the Company's Human Resource Division, and the division shall submit a report to the latest meeting of the Integrity Management Committee. The Company received a total of 0 whistleblowing reports in 2025 (0 in 2024), and the subsidiaries received 0 whistleblowing reports in 2025 (0 in 2024).	No significant deviation
IV. Strengthening Information Disclosure (I) Does the company disclose its ethical corporate management policies and the results of their implementation on its website and the	V		(I) The Company has the official website to disclose information such as corporate culture, corporate governance, and business guidelines, with a dedicated department responsible for the collection and release of various company information; the Company has disclosed the content of the Ethical Corporate Management Best Practice Principles on the Company's website and the MOPS.	No significant deviation

Item	Actual governance			Deviations from Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies and the causes of such deviations
	Yes	No	Summary	
Market Observation Post System (MOPS)?				

V. If the company has adopted its own ethical corporate management best practice principles based on the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, please describe any deviations between the principles and their implementation:
The Company has formulated the "Ethical Corporate Management Best Practice Principles" based on the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and has amended such through the board of directors. The Company will operate based on the spirit of corporate governance, and insists the principle of ethical management to conduct business operations. In the future, through the amendment to relevant management procedures, the transparency of information will be enhanced, and the functions of the board of directors will be strengthened, with other measures, to promote the operation of corporate governance.

VI. Other important information to facilitate a better understanding of the status of operation of the company's ethical corporate management policies (e.g., the company's reviewing and amending of its ethical corporate management best practice principles):

(I) The Company's "Rules of Procedure for Board of Directors Meetings" specifies the recusal system; where any director or a juristic person represented by a director is an interested party with respect to any agenda item, the director shall state the important aspects of the interested party relationship at the respective meeting. When the relationship is likely to prejudice the interests of the company, the director may not participate in discussion or voting on that agenda item, and further, shall enter recusal during discussion and voting on that item and may not act as another director's proxy to exercise voting rights on that matter.

(II) The Company has established the "Procedures for Handling Material Inside Information and Preventing Insider Trading," providing that no director, supervisor, managerial officer, or employee with knowledge of material inside information of the company may divulge the information to others nor inquire about or collect any non-public material inside information of the company not related to their individual duties from a person with knowledge of such information, nor may they disclose to others any non-public material inside information of this Corporation of which they become aware for reasons other than the performance of their duties.

(III) To ensure the implementation of ethical corporate management, the Company has established an effective accounting system and internal control system; the internal auditors regularly inspect the compliance of the aforesaid systems.

(X) Other information enabling better understanding of the Company's corporate governance that may be disclosed altogether:

The Company has established the "Procedures for Handling Material Inside Information and Preventing Insider Trading," to establish the good mechanism for handling and disclosing the internal material information. At least once per year, the educational promotion of the Procedures and related regulation is conducted to directors, supervisors, managerial officers, and employees. Please refer to pages 50~51 for the directors' continuing education.

Managerial officers and employees completed continuing education courses, including "AI Innovation Applications and Economic Development" held by the Chinese Corporate Governance Association on May 9, 2025, and "AI Empowerment and Transformation Strategies: From Trend Insights to Decision-Making Deployment" held by the Taiwan Corporate Governance Association on December 26, 2025.

The Company will disclose the information of corporate governance in a timely manner on the MOPS and the Company's website.

(XI) Internal control implementation

1. Declaration of internal control policies

   Please refer to page 85.

2. CPA's report for special audit of the internal control system: none.

SHUI-MU International Co., Ltd.
Declaration of internal control policies

Date: March 10, 2026

The following declaration had been made based on the 2025 self-assessment of the Company's internal control policies:

I. The Company acknowledged that our board members and managers have the sole responsibility to create, implement, and maintain the internal control system; and has established such a system. The purpose of this system is to provide reasonable assurance in terms of business performance, efficiency (including profitability, performance, asset security etc), reliable, timely and transparent financial reporting, and regulatory compliance.

II. Due to the limited nature of the system, it can only provide reasonable assurances for the three categories aforementioned. Moreover, the system could be revised from time to time due to changes in environment and circumstances. However, self-supervision measures were implemented within the Company's internal control policies to facilitate immediate rectification once procedural flaws have been identified.

III. We chose examination categories for determining the efficiency of internal control based on "Regulations Governing Establishment of Internal Control Systems by Public Companies (The Governing Regulation, henceforth)". The criteria introduced by the "Regulations" consisted of five major elements, each representing a different stage of internal control: 1. Control environment, 2. Risk evaluation and response, 3. Procedural control, 4. Information and communication, 5. Supervision. Each element further contains several items. Please refer to the Regulations for the details.

IV. The Company adopted the above-mentioned criteria to evaluate the effectiveness of its internal control policy design and execution.

V. Based on the assessments described above, the Company considers the design and execution of its internal control system to be effective as at December 31, 2025. This system (including the supervision and management of subsidiaries) has provided assurance with regards to the Company's business results, target accomplishments, reliability, timeliness and transparency of reported financial information, and its compliance with relevant laws.

VI. The Statement will constitute a major part of the Annual Report and Prospectus and be published. Any illegal misrepresentation or non-disclosure in the public statement above are subject to legal consequences described in Articles 20, 32, 171, and 174 of the Securities and Exchange Act.

VII. The Statement was approved at the board meeting of March 10, 2026; it is also stated that among Five attending directors, none of them had dissent, and all other agreed with the content of the statement.

SHUI-MU International Co., Ltd.

Chairman: Joseph Lo　　　Sign and seal

President: Michelle Kuo　　　Sign and seal

(XII) Penalties imposed against the Company for regulatory violation, or penalties against employees for violation of internal control policy in the most recent year up till the publication date of this annual report; describe areas of weakness and any corrective actions taken.

During 2025 and up to the publication date of the annual report, no such thing in the Company.

(XIII) Major resolutions passed in shareholder meetings and Board of Directors meetings in the most recent year up till the publication date of this annual report:

1. Material resolutions of shareholders' meeting and implementation:

Time	Important resolutions	Implementation
2024/06/18 Regular meeting	1. Ratification of 2024 business report and financial statements.	Approved by all attending shareholders unanimously without dissent.
	2. Ratification of proposal for 2024 deficit compensation.	For 2024, there was a net loss after tax, so no distribution would be made, and approved by all attending shareholders unanimously without dissent.
	3. Proposal for amendment to the Articles of Incorporation.	In accordance with Article 14, Paragraph 6 of the Securities and Exchange Act and the ruling Ref. No. 1130385442 issued by the Financial Supervisory Commission, the amended Articles of Incorporation became effective upon approval at this shareholders' meeting. This amendment was approved and became effective by the Ministry of Economic Affairs on September 24, 2025.
	4. Proposal for Distribution of Cash from Capital Surplus	The Company distributed the cash dividends on August 9, 2025.

2. Material resolutions of the board of directors

Date	Material discussion	Resolution
2025/03/12	Proposal not to distribute the employee and director remuneration for 2024	Approved by all attending directors as proposed without objection.
	Proposal of 2024 business report and financial report	Approved by all attending directors as proposed without objection.
	Proposal for the Company's Planned Offset of Losses with Capital Surplus	Approved by all attending directors as proposed without objection.
	Proposal for 2024 deficit compensation	Approved by all attending directors as proposed without objection.
	Proposal for the Company's Planned Distribution of Cash from Capital Surplus	Approved by all attending directors as proposed without objection.
	Proposal for amendment to the "Articles of Incorporation"	Approved by all attending directors as proposed without objection.
	Proposal for matters related to the convention of 2025 regular shareholders' meeting	Approved by all attending directors as proposed without objection.
	Proposal of the period and venue accepting shareholders' proposals for 2025 regular shareholders' meeting	Approved by all attending directors as proposed without objection.
	Proposal to present the 2024 "Declaration of Internal Control System"	Approved by all attending directors as proposed without objection.
	Proposal of 2025 budget	Approved by all attending directors as proposed without objection.
	Proposal to assess the independence of the attesting CPAs	Approved by all attending directors as proposed without objection.
	Proposal to engage the attesting CPAs to audit the Company and subsidiaries' financial statements and the compensation thereof	Approved by all attending directors as proposed without objection.
	Proposal to renew the financing limit from Bank of Kaohsiung	Approved by all attending directors as proposed without objection.
	Proposal to purchase liability insurance for the Company's directors	Approved by all attending directors as proposed without objection.
	Proposal for the remuneration to the Company's new financial officers	Approved by all attending directors as proposed without objection.
	Proposal to review the 2024 directors' continuing education	Approved by all attending directors as proposed without objection.

Date	Material discussion	Resolution
	Proposal to assess the independence of the independent directors	Approved by all attending directors as proposed without objection.
2025/05/09	Proposal of consolidated financial report of Q1, 2025	Approved by all attending directors as proposed without objection.
	Proposal for earnings appropriation for the first quarter of 2025	Approved by all attending directors as proposed without objection.
	Loan of funds for the Company to Shuang Yue Co.	Approved by all attending directors as proposed without objection.
	Proposal for the Company’s 2024 Sustainability Report	Approved by all attending directors as proposed without objection.
2025/08/06	Proposal of consolidated financial report of Q2, 2025	Approved by all attending directors as proposed without objection.
	Proposal for deficit compensation ofQ2,2025.	Approved by all attending directors as proposed without objection.
	Proposal on the release of non-competition restrictions for the Company’s managerial officers.	Approved by all attending directors as proposed without objection.
2025/11/07	Proposal of consolidated financial report of Q3, 2025	Approved by all attending directors as proposed without objection.
	Proposal for deficit compensation ofQ3,2025.	Approved by all attending directors as proposed without objection.
	Proposal to define the scope of the Company’s entry-level employees.	Approved by all attending directors as proposed without objection.
2025/12/26	Proposal for the Renewal of the Company’s Credit Facility with Bank of Kaohsiung	Approved by all attending directors as proposed without objection.
	Proposal to amend the Company's “Regulations Governing the Use of Seals”	Approved by all attending directors as proposed without objection.
	Proposal to Amend the Company’s “Internal Control System” and “Internal Audit Implementation Rules”	Approved by all attending directors as proposed without objection.
	Proposal to formulate the 2026 internal audit plan	Approved by all attending directors as proposed without objection.
	Proposal to discuss the 2026 working plan of the Remuneration Committee	Approved by all attending directors as proposed without objection.

Date	Material discussion	Resolution
	Proposal to discuss the 2025 working plan of the Remuneration Committee	Approved by all attending directors as proposed without objection.
	Proposal to distribute the 2026 year-end bonus managerial officers	Approved by all attending directors as proposed without objection.
	Proposal to Review the Scope of Managerial Officers Whose Remuneration Requires Prior Review by the Remuneration Committee	Approved by all attending directors as proposed without objection.
	Proposal to review the performance evaluation of the board of directors, functional committees, and directors	Approved by all attending directors as proposed without objection.
	Proposal to establish the 2026 directors' continuing education	Approved by all attending directors as proposed without objection.
	Proposal on the 2026 work plan of the Company's Sustainable Development Committee.	Approved by all attending directors as proposed without objection.
	Proposal on the material topics, operational risks, and climate-related risks and opportunities in the Company's 2025 Sustainability Report.	Approved by all attending directors as proposed without objection.
	Proposal for the Company's 2026 Budget	Approved by all attending directors as proposed without objection.

3. Material resolutions of the Audit Committee

Date	Material discussion	Resolution
2025/03/04	Proposal not to distribute the employee and director remuneration for 2024	Approved by all attending member as proposed without objection.
	Proposal of 2024 business report and financial report	Approved by all attending member as proposed without objection.
	Proposal for the Company's Planned Offset of Losses with Capital Surplus	Approved by all attending member as proposed without objection.
	Proposal for 2024 deficit compensation	Approved by all attending member as proposed without objection.
	Proposal for the Company's Planned Distribution of Cash from Capital Surplus	Approved by all attending member as proposed without objection.
	Proposal to present the 2024 "Declaration of Internal Control System"	Approved by all attending member as proposed without objection.
	Proposal to assess the independence of the attesting CPAs	Approved by all attending member as proposed without objection.

Date	Material discussion	Resolution
	Proposal to engage the attesting CPAs to audit the Company and subsidiaries' financial statements and the compensation thereof	Approved by all attending member as proposed without objection.
	Proposal to renew the financing limit from Bank of Kaohsiung	Approved by all attending member as proposed without objection.
	Proposal to purchase liability insurance for the Company's directors	Approved by all attending member as proposed without objection.
2025/04/30	Proposal of consolidated financial report of Q1, 2025	Approved by all attending member as proposed without objection.
	Proposal for deficit compensation of Q1,2024.	Approved by all attending member as proposed without objection.
	Loan of funds for the Company to Shuang Yue Co.	Approved by all attending member as proposed without objection.
2025/07/29	Proposal of consolidated financial report of Q2, 2025	Approved by all attending member as proposed without objection.
	Proposal for deficit compensation of Q2,2025.	Approved by all attending member as proposed without objection.
2025/10/29	Proposal of consolidated financial report of Q3, 2025	Approved by all attending member as proposed without objection.
	Proposal for deficit compensation ofQ3,2025.	Approved by all attending member as proposed without objection.
2025/12/17	Proposal to renew the financing limit from Bank of Kaohsiung	Approved by all attending member as proposed without objection.
	Proposal to Amend the Company's "Seal Usage Management Rules"	Approved by all attending member as proposed without objection.
	Proposal to Amend the Company's "Internal Control System" and "Internal Audit Implementation Rules"	Approved by all attending member as proposed without objection.
	Proposal to formulate the 2025 internal audit plan	Approved by all attending member as proposed without objection.

(XIV) Documented opinions or declarations made by directors or supervisors against board resolutions in the last year, up till the publication date of this annual report:

None of such circumstance for the Company

III. Disclosure of CPAs' remuneration

Information and classification of CPA fees

Unit: NTD thousand

Name of accounting firm	Name of CPA		Audit period	Audit fee	Non-Audit Fees	Total	Remarks
KPMG Taiwan	Chen, Pei-Chi	Yu, Chi-Lung	2025/01/01 to 2025/12/31	2,430	620	3,050	Other Non-Audit Fees 1. Taxation certification for 2025 2. Inspection on information about non-managerial staff's salary 3. GHG inventory assurance

(II) Change of CPA firm that resulted in the reduction of audit fees from the previous year; disclose audit fees before and after the change and the cause of such change:
In 2025, the Company did not replace the accounting firm of the attesting CPAs.

(III) If the audit remuneration was reduced by more than 15% from the previous year, the actual amount, proportion, and reasons for the reduction must be disclosed: None.

None of such circumstance for the Company

IV. Change of CPA

None of such circumstance for the Company

V. The company's chairman, president, and finance or accounting manager has worked in the CPA Firm contracted for auditing service or its affiliated companies:
None of such circumstance for the Company

VI. Any transfer of equity interests and/or pledge of or change in equity interests by a director, supervisor, managerial officer, or shareholder with a stake of more than 10 percent

(1) Shareholding changes of directors, supervisors, managers, and shareholder with a stake of more than 10 percent

Unit: Shares

Title	Name (Note1)	2025		2024 up to April 19	
		Shareholding increase (decrease)	Increase (Decrease) in shares collateralized	Shareholding increase (decrease)	Increase (Decrease) in shares collateralized
Chairman Major shareholder	Joseph Lo	0	0	0	0
Legel Director	Yueh Ya Chuan CO., LTD.	0	0	0	0
	Representative：A-Tou Lin	820,000	0	0	0

Title	Name (Note1)	2025		2024 up to April 19	
		Shareholding increase (decrease)	Increase (Decrease) in shares collateralized	Shareholding increase (decrease)	Increase (Decrease) in shares collateralized
Independent Director	Hsin-Hsiung Lu	0	0	0	0
Independent Director	Li, Pei-Yuan	0	0	0	0
Independent Director	Pan, Chin-Shu	0	0	0	0
VP	Li-Ling Lo	0	0	0	0
VP	Ssu-Yu Chen	0	0	0	0
Associate	Chai Wang Tak	0	0	0	0
Associate	LIU Shui-cheung	0	0	0	0
Associate	Jung-Hua Chen	0	0	0	0
Finance and Accounting Officer	Lee, Ching-Fen	0	0	0	0

Note : Refers to those who were still in office as of the printing date of the annual report.

(2) Any counterparty of the transfer of equity interests by a director, supervisor, managerial officer, or shareholder with a stake of more than 10 percent is a related party:

name	Reasons for equity transfer	date	Trading counterparty	The relationship between the counterparty and the company, directors, supervisors, managers and shareholders holding more than 10% of the shares	Number of shares	transaction price
A-Tou Lin	Personal Financial Planning	2025/10/23	Love Network Charitable Trust Fund held in trust at Cathay United Bank	The supervisor for property trust account is a relative within 2nd degree of kinship to the supervisor for another property trust account	820,000	11.7

Note：Is the closing price on 2025/10/23

(3) Any counterparty of the pledge of equity interests by a director, supervisor, managerial officer, or shareholder with a stake of more than 10 percent is a related party: none

VII. Disclosure of relationships among the company’s top ten shareholders including spouses, second degree relatives or closer

April 19, 2025 Unit: shares; %

<table>
<tr><th rowspan="2">Name</th><th colspan="2">Shareholder’s shareholding</th><th colspan="2">Shares held by spouse and underage children</th><th colspan="2">Shares held in the names of others</th><th colspan="2">Relationship characterized as spouse or relative of second degree or closer among the top ten shareholders.</th><th rowspan="2">Remarks</th></tr>
<tr><th>Number of shares</th><th>Shareholding percentage</th><th>Number of shares</th><th>Shareholding percentage</th><th>Number of shares</th><th>Shareholding percentage</th><th>Name</th><th>Relationship</th></tr>
<tr><td rowspan="4">Yueh Ya Chuan CO., LTD.</td><td rowspan="4">6,910,452</td><td rowspan="4">10.34%</td><td rowspan="4">0</td><td rowspan="4">0.00%</td><td rowspan="4">0</td><td rowspan="4">0.00%</td><td>JUNG-YUEH, Lo</td><td>The chairman of that company</td><td></td></tr>
<tr><td>Lin, Yue-Jiao
Yueh-E Lo</td><td>A relative within 2nd degree of kinship to the chairman of the Company</td><td></td></tr>
<tr><td>A-Tou (Mommy Lo) Charitable Trust Fund
SHUI-MU Charitable Education Fund Account held in trust at Taipei Fubon Commercial Bank
Love Network Charitable Trust Fund held in trust at Cathay United Bank</td><td>Chairman of the Company is a relative within 2nd degree of kinship to a director of another company</td><td></td></tr>
<tr><td rowspan="2">Jung Ying Investment Co., Ltd.</td><td rowspan="2">The chairman is a relative within 2nd degree of kinship to the supervisor for property trust account</td><td rowspan="2"></td></tr>
<tr><td rowspan="2">Representative of Yueh Ya Chuan CO., LTD., JUNG-YUEH,Lo</td><td rowspan="2">6892, 500</td><td rowspan="2">10. 32%</td><td rowspan="2">79, 271</td><td rowspan="2">0. 12%</td><td rowspan="2">8, 410, 452</td><td rowspan="2">12. 59%</td></tr>
<tr><td>GIANT DA LI CONSULTING (SAMOA) CO., LTD.</td><td>The chairman of the Company is the director or chairman of another company</td><td></td></tr>
<tr><td rowspan="4">JUNG-YUEH, Lo</td><td rowspan="4">6892, 500</td><td rowspan="4">10. 32%</td><td rowspan="4">79, 271</td><td rowspan="4">0. 12%</td><td rowspan="4">8, 410, 452</td><td rowspan="4">12. 59%</td><td>Lin, Yue-Jiao
Yueh-E Lo</td><td>Relative within 2nd degree of kinship</td><td></td></tr>
<tr><td>Yueh Ya Chuan CO., LTD.
GIANT DA LI CONSULTING</td><td>The director or chairman of that Company</td><td></td></tr>
<tr><td>A-Tou (Mommy Lo) Charitable Trust Fund
Shui-Mu Welfare Trust Education Fund entrusted to Taipei Fubon Bank
Love Network Charitable Trust Fund held in trust at Cathay United Bank</td><td>Relative within 2nd degree of kinship to the supervisor for property trust account</td><td></td></tr>
<tr><td>Jung Ying Investment Co., Ltd.</td><td>A relative within 2nd degree of kinship to a director of another company</td><td></td></tr>
</table>

Name	Shareholder's shareholding		Shares held by spouse and underage children		Shares held in the names of others		Relationship characterized as spouse or relative of second degree or closer among the top ten shareholders.		Remarks
	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Name	Relationship	
Yueh-E Lo	4,798,202	7.18%	0	0.00%	0	0.00%	JUNG-YUEH,Lo Lin, Yue-Jiao	Relative within 2nd degree of kinship	
							Jung Ying Investment Co., Ltd.	The director of that company	
							A-Tou (Mommy Lo) Charitable Trust Fund SHUI-MU Charitable Education Fund Account held in trust at Taipei Fubon Commercial Bank Love Network Charitable Trust Fund held in trust at Cathay United Bank	Relative within 2nd degree of kinship to the supervisor for property trust account	
							Yueh Ya Chuan CO., LTD. GIANT DA LI CONSULTING (SAMOA) CO., LTD.	A relative within 2nd degree of kinship to a director or the chairman of another company	
A-Tou (Mommy Lo) Charitable Trust Fund	3,442,338	5.15%	0	0.00%	0	0.00%	JUNG-YUEH,Lo Yueh-E Lo Lin, Yue-Jiao	Relative within 2nd degree of kinship to the supervisor for property trust account	
							SHUI-MU Charitable Education Fund Account held in trust at Taipei Fubon Commercial Bank Love Network Charitable Trust Fund held in trust at Cathay United Bank	The supervisor for property trust account is a relative within 2nd degree of kinship to the supervisor for another property trust account	
A-Tou (Mommy Lo) Charitable Trust Fund Supervisor Kwang, Shu-Ying	79,271	0.12%	6,892,500	10.32%	0	0.00%	Yueh Ya Chuan CO., LTD. Jung Ying Investment Co., Ltd. GIANT DA LI CONSULTING (SAMOA) CO., LTD.	The supervisor for property trust account is a director or spouse of director of another company	
Lin, Yue-Jiao	2,910,560	4.36%	0	0.00%	0	0.00%	JUNG-YUEH,Lo Yueh-E Lo	Relative within 2nd degree of kinship	
							Yueh Ya Chuan CO., LTD. Jung Ying Investment Co., Ltd. GIANT DA LI CONSULTING (SAMOA) CO., LTD.	A relative within 2nd degree of kinship to a director or the chairman of another company	

<table>
<tr><th rowspan="2">Name</th><th colspan="2">Shareholder’s shareholding</th><th colspan="2">Shares held by spouse and underage children</th><th colspan="2">Shares held in the names of others</th><th colspan="2">Relationship characterized as spouse or relative of second degree or closer among the top ten shareholders.</th><th rowspan="2">Remarks</th></tr>
<tr><th>Number of shares</th><th>Shareholding percentage</th><th>Number of shares</th><th>Shareholding percentage</th><th>Number of shares</th><th>Shareholding percentage</th><th>Name</th><th>Relationship</th></tr>
<tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td>A-Tou (Mommy Lo) Charitable Trust Fund
SHUI-MU Charitable Education Fund Account held in trust at Taipei Fubon Commercial Bank</td><td>Relative within 2nd degree of kinship to the supervisor for property trust account</td><td></td></tr>
<tr><td rowspan="2">SHUI-MU Charitable Education Fund Account held in trust at Taipei Fubon Commercial Bank</td><td rowspan="2">2,854,338</td><td rowspan="2">4.27%</td><td rowspan="2">0</td><td rowspan="2">0.00%</td><td rowspan="2">0</td><td rowspan="2">0.00%</td><td>JUNG-YUEH,Lo
Yueh-E Lo
Lin, Yue-Jiao</td><td>Relative within 2nd degree of kinship to the supervisor for property trust account</td><td></td></tr>
<tr><td rowspan="2">A-Tou (Mommy Lo) Charitable Trust Fund
Love Network Charitable Trust Fund held in trust at Cathay United Bank</td><td rowspan="2">The supervisor for property trust account is a relative within 2nd degree of kinship to the supervisor for another property trust account</td><td rowspan="2"></td></tr>
<tr><td rowspan="2">SHUI-MU Charitable Education Fund Account held in trust at Taipei Fubon Commercial Bank Supervisor Lo, Jung-Ke</td><td rowspan="2">0</td><td rowspan="2">0.00%</td><td rowspan="2">300</td><td rowspan="2">0.00%</td><td rowspan="2">0</td><td rowspan="2">0.00%</td></tr>
<tr><td>Yueh Ya Chuan CO., LTD.
Jung Ying Investment Co., Ltd.
GIANT DA LI CONSULTING (SAMOA) CO., LTD.</td><td>The supervisor for property trust account is a relative within 2nd degree of kinship to a director or the chairman of another company</td><td></td></tr>
</table>

Name	Shareholder's shareholding		Shares held by spouse and underage children		Shares held in the names of others		Relationship characterized as spouse or relative of second degree or closer among the top ten shareholders.		Remarks
	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Name	Relationship	
Love Network Charitable Trust Fund held in trust at Cathay United Bank	1,998,169	2.99%	0	0.00%	0	0.00%	A-Tou (Mommy Lo) Charitable Trust Fund SHUI-MU Charitable Education Fund Account held in trust at Taipei Fubon Commercial Bank	The supervisor for property trust account is a relative within 2nd degree of kinship to the supervisor for another property trust account	
Love Network Charitable Trust Fund held in trust at Cathay United Bank Supervisor Chiang, Shi-Duo	0	0.00%	2,910,560	4.36%	0	0.00%	JUNG-YUEH,Lo Yueh-E Lo Lin, Yue-Jiao	Relative within 2nd degree of kinship to the supervisor for property trust account	
							Yueh Ya Chuan CO., LTD. Jung Ying Investment Co., Ltd. GIANT DA LI CONSULTING (SAMOA) CO., LTD. SHUI-MU Culture and Art Foundation	The supervisor for property trust account is a relative within 2nd degree of kinship to a director or the chairman of another company	
Jung Ying Investment Co., Ltd.	1,685,184	2.52%	0	0.00%	0	0.00%	JUNG-YUEH,Lo Lin, Yue-Jiao	A relative within 2nd degree of kinship to a director of the Company	
							Yueh-E Lo	The director of that company	
							A-Tou (Mommy Lo) Charitable Trust Fund Love Network Charitable Trust Fund held in trust at Cathay United Bank SHUI-MU Charitable Education Fund Account held in trust at Taipei Fubon Commercial Bank	The director of the Company is a relative within 2nd degree of kinship to the supervisor for another property trust account	
Representative of Jung Ying Investment Co., Ltd.: Yueh-E Lo	4,798,202	7.18%	0	0.00%	0	0.00%	Yueh Ya Chuan CO., LTD. GIANT DA LI CONSULTING (SAMOA) CO., LTD.	A relative within 2nd degree of kinship to a director or the chairman of another company	

Name	Shareholder's shareholding		Shares held by spouse and underage children		Shares held in the names of others		Relationship characterized as spouse or relative of second degree or closer among the top ten shareholders.		Remarks
	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Name	Relationship	
GIANT DA LI CONSULTING (SAMOA) CO., LTD.	1,500,000	2.25%	0	0.00%	0	0.00%	JUNG-YUEH,Lo	Chairman of the Company	
							Lin, Yue-Jiao Yueh-E Lo	A relative within 2nd degree of kinship to the chairman of the Company	
							Jung Ying Investment Co., Ltd.	Chairman of the Company is a relative within 2nd degree of kinship to a director of another company	
							A-Tou (Mommy Lo) Charitable Trust Fund SHUI-MU Charitable Education Fund Account held in trust at Taipei Fubon Commercial Bank Love Network Charitable Trust Fund held in trust at Cathay United Bank Yueh Ya Chuan CO., LTD. GIANT DA LI CONSULTING (SAMOA) CO., LTD.	Relative within 2nd degree of kinship to the supervisor for property trust account The director of the Company is the director or chairman of another company	
GIANT DA LI CONSULTING (SAMOA) CO., LTD. Representative JUNG-YUEH,Lo	6,892,500	10.32%	79,271	0.12%	8,410,452	11.85%	A-Tou (Mommy Lo) Charitable Trust Fund SHUI-MU Charitable Education Fund Account held in trust at Taipei Fubon Commercial Bank Love Network Charitable Trust Fund held in trust at Cathay United Bank	Relative within 2nd degree of kinship to the supervisor for property trust account	

VIII. Any single investments jointly held by the Company, the Company's directors, supervisors, managers, and enterprises directly or indirectly controlled by the Company. Shareholding % is calculated in aggregate of the above parties.

December 31, 2025, Unit: shares; %

Invested businesses	Held by the Company		Held by directors, supervisors, managers, and directly or indirectly controlled enterprises		Aggregate ownership interest	
	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage
Shuang Yue Co., Ltd. (Note 3)	440,000	100%		－	440,000	100%
Learn Jet International Ltd. (Note)	－	34%	－	－	－	34%

Note : Learn Jet International Ltd. is a limited without shares issued, so no number of shares.

Three. Funding Status

I. Capital and outstanding shares

(I) Source of Capital Stock

1. Share categories

April 19,2025 Unit: shares

Categories	Authorized capital			Remarks
	Outstanding shares (Note)	Unissued shares	Total	
Common shares	66,800,000	13,200,000	80,000,000	

Note: the shares are shares of a TWSE listed company

2. History of share capital formation

(1) Current year up to the publication date of the annual report, the changes in the share capital

April 19, 2026 Unit: shares/NT$

Year / month	Issue price (NT$)	Authorized capital		Paid-up capital		Remarks		
		Number of shares	Amount	Number of shares	Amount	Share capital Sources	Paid-in properties other than cash	Others
2003.08	10	2,000,000	20,000,000	2,000,000	20,000,000	Capital of incorporation	-	Fu-Jian-Shang-Zhi No.09218562000
2004.07	10	6,800,000	68,000,000	6,000,000	60,000,000	Capital increase in cash 40,000,000	-	Fu-Jian-Shang-Zhi No.09316350800
2005.10	10	6,800,000	68,000,000	6,800,000	68,000,000	Capitalization of retained earnings 8,000,000	-	Fu-Jian-Shang-Zhi No.09418703010
2010.12	10	25,800,000	258,000,000	25,800,000	258,000,000	Capitalization of retained earnings 190,000,000	-	Fu-Jian-Shang-Zhi No.0999052351 0
2011.08	10	45,000,000	450,000,000	37,800,000	378,000,000	Capitalization of retained earnings 120,000,000	-	Fu-Chan-Yeh-Shang-Zhi No.10086822910
2011.12	10	45,000,000	450,000,000	40,500,000	405,000,000	Capital increase in cash 27,000,000 Issued at a premium at NT$38	-	Fu-Chan-Yeh-Shang-Zhi No.10090701910
2012.06	10	80,000,000	800,000,000	42,299,300	422,993,000	Conversion of employee stock options to shares 17,993,000	-	Fu-Chan-Yeh-Shang-Zhi No.10184780810
2012.12	10	80,000,000	800,000,000	60,524,300	605,243,000	Capitalization of retained earnings 182,250,000	-	Jin-Shou-Shang-Zhi No.10201021900
2014.10	10	80,000,000	800,000,000	66,800,000	668,000,000	Capital increase in cash 62,757,000	-	Jin-Shou-Shang-Zhi No.10301204410

(2) During the preceding fiscal year and in the current fiscal year up to the date of the publication of the report, securities offered and issued by shelf registration: none.

(II) Roster of Major Shareholders

List of major shareholders: List all shareholders with a stake of 5 percent or greater, and specify the number of shares and stake held by each shareholder on the list

April 19, 2026 Unit: shares

Shares / Name of major shareholder	Shareholding (shares)	Shareholding (%)
Yueh Ya Chuan CO., LTD.	6,910,452	10.34%
Lo, Jung-Yueh	6,892,500	10.32%
Yueh-E Lo	4,798,202	7.18%
A-Tou (Mommy Lo) Charitable Trust Fund	3,442,338	5.15%
Yongchao Venture Capital Co.,Ltd.	3,330,000	4.99%
Lin, Yue-Jiao	2,910,560	4.36%
SHUI-MU Charitable Education Fund Account held in trust at Taipei Fubon Commercial Bank	2,854,338	4.27%
Love Network Charitable Trust Fund held in trust at Cathay United Bank	1,998,169	2.99%
Jung Ying Investment Co., Ltd.	1,685,184	2.52%
GIANT DA LI CONSULTING (SAMOA) CO., LTD.	1,500,000	2.25%

(III) Dividend policy and execution

1. The dividend policy defined by the Articles of Incorporation

Where the Company makes a profit for a year after the annual settlement, after its losses have been covered and all taxes and dues have been paid, ten percent of such profits shall be set aside as a legal reserve; provided that when the legal reserve amounts to the authorized capital, this shall not apply. In addition, any special reserve set aside or reversed pursuant to related laws and regulations, along with beginning undistributed earnings, becomes the distributable accumulated earnings to the shareholders. The board of directors prepares the proposal for earning distribution to the shareholders’ meeting for the distribution.

Since there was a net loss of NT$97,256,672 after the 2025 net profit before tax was used to make up for the loss, no shareholders' dividends would be distributed.

The Company’s dividend policy mainly considers the future expansion plans for operations and the needs of cash flows. The earning distribution may be made in the way of cash dividends or share dividends; however, the cash dividends shall not be less than ten percent of the total amount of dividends. The ratio of the aforesaid earning distribution may be resolved by the shareholders’ meeting based on the actual profits and capital status.

2. Dividend distribution proposed for the next annual general meeting

SHUI-MU International Co., Ltd.
Statement of Deficit Compensation
2025

Unit: NTD

Item	Amount
Beginning balance	0
Plus: net profit (loss) after tax for the year	(97,256,672)
Ending accumulated loss	(97,256,672)

(IV) Impacts of proposed share dividends on the Company's business performance and earnings per share:

No share dividend is proposed to the 2026 regular shareholders' meeting and thus it is not applicable.

(V) Employees'/Directors'/Supervisors' remuneration

1. Percentage and range of employees'/directors'/supervisors' remuneration stated in the Articles of Incorporation:

Article 27:

In order to motivate employees and the management team, after offsetting the loss with the profit before tax and before deducting the remunerations to employees (including the raise of or remuneration distributed to the entry-level employees) and directors, should there be any balance, the Company provides 1% to 10% thereof as the remuneration to employees and no more than 2% thereof as the remuneration to employees, and allocate 2% to 7% thereof as the raise of or remuneration to the entry-level employees in accordance with the Securities and Exchange Act. However, if the Company still has accumulated losses, an amount shall be reserved in advance to offset the losses.

The remuneration to employees and the remuneration to the entry-level employees referred to in the preceding paragraph may be paid in the form of stock or in cash. The recipients of the remuneration shall include the employees of the parents or subsidiaries of the Company that meet certain conditions. Notwithstanding, the remuneration to the directors may be distributed in cash only.

The circumstances referred to in the preceding two paragraphs shall be subject to the special resolution by the Board of Directors, and reported to the shareholders' meeting.

2. Basis of calculation for employees' bonus, Directors'/Supervisors' remuneration and share-based compensations; and accounting treatments for any discrepancies between the amounts estimated and the amounts paid:

Since there was a net loss of after the 2025 net profit before tax was used to make up for the loss, so no employees and directors' remuneration is estimated. The basis of estimate is based on the profit of the year, at the percentage specified in the Articles of Incorporation (at 1.9%) Shall there be any difference between the amount actually distributed and the estimates, the difference is recognized as an adjustment in the financial report of the next year.

3. Allocation of remuneration approved by the board of directors:

(1) Employees'/Directors'/Supervisors' remuneration, in cash or in shares. Disclose the amount, causes and treatments of any differences between the amount paid and the amount estimated in the year the expense was recognized:

Since there was a net loss of after the 2025 net profit before tax was used to make up for the loss, so no employees and directors' remuneration will be distributed. Where any earning is to be distributed, it is based on the profit of the year, at the percentage specified in the Articles of Incorporation (at 1.9%) Shall there be any difference between the amount actually distributed and the estimates, the difference is recognized as an adjustment in the financial report of the next year.

(2) Percentage of employees' remuneration paid in shares, relative to net income and total employees' remuneration shown in parent-only or individual financial statements:

Since there was a net loss of after the 2025 net profit before tax was used to make up for the loss, so no employees' remuneration is to be distributed. Therefore, the percentage of employees' remuneration paid in shares, relative to net income and total employees' remuneration shown in parent-only or individual financial statements are not applicable.

4. Actual payment of employees'/Directors'/Supervisors' remuneration in the previous year (including the number of shares allocated, the sum of cash paid, and the price at which shares were issued), and any differences from the figures estimated (explain the amount, the cause, and treatment of such discrepancies):

Unit: NTD

Item	Recognized amount	Actual distribution	Amount of differences	Reason and treatment
Employee remuneration	0	0	0	The actual distributed amount and recognized amount for the 2025 profit sharing remunerations to employees and directors art not different.
Director remuneration	0	0	0	

(VI) Repurchase of company shares: None.

II. Disclosure relating to corporate bonds: None.

III. Issuance of Preferred Shares: None.

IV. Issuance of GDR: None

V. Employee stock warrants

(I) Unexpired employee stock warrants: As of the publication date of the annual report, the issued employee stock warrants have been fully executed.

(II) Names of managers who have acquired employee stock options and names of employees ranking top ten in exercisable shares as at the publication date of this annual report: None.

VI. Disclosure regarding new issues of employee restricted shares

None.

VII. Disclosure on new shares issued for the acquisition or transfer of other shares

(I) New share issuances in connection with mergers and acquisitions completed in the most recent year and as of the date of this Annual Report

(II) New share issuances in connection with mergers and acquisitions approved upon the resolution of the Board in the most recent year and as of the date of this Annual Report: none.

VIII. Implementation of Capital Utilization Plan:

The prior public offering or private placement of marketable securities has not been completed or has been completed in past 3 years but the project benefits is not yet emerged up to the prior quarter of the annual report printing date:

The Company has not issued or privately placed securities to merge, acquire, or purchase another company through share acquisition, expand fixed assets, acquire new property, plant and equipment, invest in another company, nor strengthen the company's working capital, so there is no capital utilization plan and implementation.

Five. Business Performance

I. Content of business

(I) Business Scope

(1) Principal business activities

(1) CJ01010 Hat Manufacturing
(2) CK01010 Footwear Manufacturing
(3) CM01010 Case and Bag Manufacturing
(4) F104110 Wholesale of Cloths, Garments, Shoes, Hats, Umbrellas and Clothing Accessories
(5) F105050 Wholesale of Furniture, Bedding Kitchen Utensils and Fixtures
(6) F204110 Retail Sale of Cloths, Garments, Shoes, Hats, Umbrellas and Clothing Accessories
(7) F205040 Retail Sale of Furniture, Bedding Kitchen Utensils and Fixtures
(8) F401010 International Trade
(9) F301010 Department Stores
(10) F301020 Supermarkets
(11) F399990 Retail sale of Other Integrated
(12) F206020 Retail Sale of daily commodities
(13) F399010 Convenience Stores
(14) F207030 Retail Sale of Cleaning Supplies
(15) F208031 Retail Sale of Medical Apparatus
(16) F102030 Wholesale of Tobacco and Alcohol
(17) F203020 Retail Sale of Tobacco and Alcohol
(18) C104020 Manufacture of Bakery and Steam Products
(19) F201010 Retail Sale of Agricultural Products
(20) F201020 Retail Sale of Livestock Products
(21) F203010 Retail Sale of Food, Grocery and Beverage
(22) F399040 Retail Sale No Storefront
(23) F601010 Intellectual Property Rights
(24) I199990 Other Consulting Service
(25) F113020 Wholesale of Electrical Appliances
(26) F213010 Retail Sale of Electrical Appliances
(27) A102060 Food Dealers
(28) F102040 Wholesale of Nonalcoholic Beverages
(29) F102170 Wholesale of Foods and Groceries
(30) F106020 Wholesale of Daily Commodities
(31) F107030 Wholesale of Cleaning Supplies
(32) F108040 Wholesale of Cosmetics
(33) F208040 Retail Sale of Cosmetics
(34) F109070 Wholesale of Culture, Education, Musical Instruments and Educational Entertainment Supplies
(35) F209060 Retail Sale of Culture, Education, Musical Instruments and Educational Entertainment Supplies
(36) F201070 Retail sale of Flowers
(37) F206010 Retail Sale of Hardware
(38) F206050 Retail Sale of Pet Food and Supplies
(39) F207050 Retail Sale of Fertilizer
(40) F208050 Retail Over-the-counter drugs class B
(41) F210010 Retail Sale of Watches and Clocks
(42) F210020 Retail Sale of Glasses
(43) F212050 Retail Sale of Petroleum Products
(44) F214030 Retail Sale of Motor Vehicle Parts and Motorcycle Parts, Accessories
(45) F214040 Retail Sale of Bicycle and Component Parts Thereof
(46) F215010 Retail Sale of Jewelry and Precious Metals
(47) F216010 Retail Sale of Camera Equipment
(48) F501030 Beverage Shops
(49) F501060 Restaurants
(50) F501990 Other Catering
(51) G202010 Parking area Operators
(52) H703090 Real Estate Business
(53) H703100 Real Estate Leasing
(54) I101090 Food Consulting
(55) I103060 Management Consulting
(56) I301010 Information Software Services
(57) I301030 Electronic Information Supply Services
(58) I401010 General Advertisement Service
(59) IE01010 Telecommunications Service Number Agencies
(60) IZ01010 Photocopy
(61) IZ09010 Management System Certification
(62) IZ12010 Manpower Dispatched
(63) IZ99990 Other Industrial and Commercial Services
(64) J202010 Industry Innovation and Incubation Services
(65) J303010 Magazine(Periodical) Publishing
(66) J304010 Book Publishing
(67) J305010 Audio Publishing
(68) J401010 Motion Picture Production
(69) J402010 Motion Picture Distribution
(70) J404010 Animated Motion Picture Production
(71) J503020 Television Program Production
(72) J503030 Broadcasting and Television Program Distribution
(73) J503040 Broadcasting and Television Commercial
(74) J701020 Amusement parks.

(75) JA01010 Automobile Repair
(76) JA01990 Other Automobile Services
(77) JA03010 Laundry
(78) JE01010 Rental and Leasing
(79) JZ99030 Photography
(80) JZ99050 Agency Services
(81) JZ99080 Beauty and Hairdressing Services
(82) JZ99180 Pet Grooming
(83) J802010 Sports Training
(84) JF01010 Traditional Physical Management
(85) JF01020 Massage Service
(86) JF01030 Foot Massage
(87) JF01040 Meridian Massage
(88) F106030 Wholesale of Molds
(89) F206030 Retail Sale of Molds
(90) F201030 Retail Sale of Fishery Products
(91) F201990 Retail Sale of Other Agricultural, Livestock and Aquaculture Products
(92) I501010 Product Designing
(93) I502010 Clothing Designing
(94) I503010 Landscape and Interior Designing
(95) I599990 Other Designing
(96) I301050 Reality Technology Services
(97) JA02990 Other Repair
(98) JB01010 Conference and Exhibition Services
(99) JI01010 Interactive Scenario Experience Services
(100) E801010 Indoor Decoration
(101) ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval

(2) Weight of business activities

Unit: NT$ thousand; %

Year / Product line	2025		2024	
	Net operating income	Weight (%)	Net operating income	Weight (%)
Shoes	444,453	39.76%	619,437	54.51%
Bags	30,914	2.77%	36,512	3.21%
Socks	23,204	2.08%	33,878	2.98%
Insoles	224,497	20.08%	146,983	12.93%
Others	394,881	35.32%	299,635	26.37%
Total	1,117,949	100.00%	1,136,445	100.00%

(3) The Company's existing products

The Company's own brands mainly are various shoes, leather goods and bags, as well as accessories. The self-owned products of the Company by the brands created by the Company are listed as below:

Brand	**Attribute**	**Year of establishment**	**Product style**
ASO	Footwear	1952	"Insisting to make the best shoes in Taiwan," emphasizing comfort and fashion
êffie	Footwear	1992	Full of bright colors to show the young energy
BESO	Footwear	2005	BESO is from "KISS" in Spanish, demonstrating passion and fast fashion
Vinaso	Footwear	2011	Italian fashion beauty

Comphy	Footwear	2012	Fashionable and recreational
Bo Bonny	Cultural creativity	2016	The cartoon character, Bo bonny Rabbit was incorporated in various cultural creative and parent-children goods; the cute style with good texture, very user-friendly.
Comphy+	Socks and textile	2017	Based on "comfort" and starting from "people's needs," the Company pursues the goal of "making wearing absolutely comfortable and healthy." The "+" represents the creation of infinite possibilities.
ASO+	Footwear	2022	Functional products focused on medical and health benefits.
ASO	Footwear products	2025	Sustainable low-carbon products.

(4) New products planned to be developed under self-owned brands

The Company continues to promote the diversification and differentiation of its own-brand products based on market trends and the needs of different customer segments. Through precise customer segmentation, enhancement of functional value, and integration of product portfolios, the Company seeks to expand emerging business opportunities and strengthen its brand competitiveness. The development strategies for each product category are described below:

Footwear:

Product development focuses on fashion trends, thematic design, functionality, and seasonal demand. By incorporating the concept of customer foot health management, the Company applies foot-shape measurement and gait analysis technologies to gain deeper insights into consumers' foot characteristics and usage scenarios. In addition to continuously improving product comfort and quality, the Company strengthens designs to address foot-related issues (e.g., uneven pressure distribution and differences in foot shape), creating product series that combine functionality and style, thereby enhancing overall product value.

Featured themes	Description
Breathable Elastic Air Cushion Series	Golden triangle, soft pedaling feeling, and technology memory insoles.
Thick Air Cushion Series	Thick-cut arch pad, three-dimensional design, three-point support, balanced arch, and shockproof heel.
Lightweight Shock-Absorbing Series	The EVA outsole is adopted, featured with lightweight, non-slip, and ultra-light fatigue proof foot bed.
Commuting Series	Patented ultra-light non-slip soles, exclusive patented lightweight technology, equipped with patented ribbing.
Dual-Core Series	Shock-absorbent dual-core outsole embedded with dual-core shockproof cotton, with ultra-light and hydrolysis resistant outsole.
Extra-Powerful Series	The ether outsole improves the durability of the shoes, making it easy to walk, wear-resistant and durable.
Safe Air Cushion Shoes	Supplementary cushion and shock proof, solid and elastic with stable support to be more comfortable.
Energy Dual-Core	Breathable and skin-friendly fabrics, with fly-knitted design of multi-

Series/(Waterproof))	layer weaves; PU and rubber outsole, with airbag design. Waterproof models are also planned as shoes to be worn for sudden changes in climate and different scenarios.
3D Momentum Series	The TPU elastic balance planes support the foot arches, and the technical memory foam instantly memorizes the foot shape.
Foot Beauty: Bunion Series	Adopting the fan-shaped tension space and A.softer skin-friendly elastic fabrics to increase the room of movement and avoid the collapse of the arch.
Stress-Free Support Series	The thickening design of the inner quarter of the heel, to form a three-dimensional covering structure and provide stable support.
Stress-Relief Air Cushion Series — Commuting Shoes	To relieve the stress on feet of female customers who need to commute to work every day, a lightweight non-slip outsole is designed, saving effort and making walking more effective and stable.
Men's Air Cushion Series	Relieving heel pressure and protecting heels. Circular wrapping design to stabilize gait
Lightweight LOHAS series	Lightweight and shock proof EVA base, very elastic to support feet without being hydrolyzed.
Super-Powerful Air Cushion Series	Patented multi-density compounded outsole, with the perforated and dip-dyed nano insole first seen in Taiwan to improve moisture absorption and breathability, keeping feet dry and comfortable without being stuffy.
Commuter-Friendly Series	The series of products specifically developed for business commuters, with unique lightweight foam shock-absorbing insoles.
Walking Shoe Series	The full-fledged stable series of products adopting the COP gait control structure, to fit the ergonomic curvature.
Lightweight and Stable Shoe Series	Exclusive patented full-fledged stable series of products, with multi-layer ribs on the soles to introduce the stable and lightweight functions.
O2 Air Cushion Shoes	Adopting the 3D air circulation effect to improve the problem of heat and humidity when wearing shoes.
Foot health	For the foot bed, the rice fibers are adopted for environmental protection and recycling, with natural antibacterial and anti-mildew effects.
Supportive Air Cushion Shoes	No more tired feet after standing for long time. The insoles balance the whole foot with every step. Lightweight wearing ensures no more fatigue after long-time standing and walking
Mountain Climbing Air Cushion Shoes	The 360º waterproof sock design provides safety and ventilation, and the shoe upper is water-repellent and anti-siphon
Foot Pain Relief Insoles	It can prevent bone spurs from being pressed to the place and cause discomfort. The hardness and thickness of the arch plate are moderate and different from general arch support insoles.
Anti-Fatigue Insoles	Tired calves can lead to edema, knee and ankle pain, shin pain, plantar fasciitis, Achilles tendonitis, and even back problems
Foot Cleaning Insoles	It is easy for sweaty feet in unventilated shoes to breed bacteria and produce bad odor
Graphene Circulation Trail Shoes	A pair of lightweight trail running shoes suitable for casual beginners and light trail runners to travel in the mountains and forests easily
Graphene Circulation Fitness Shoes	Suitable for people who have cold hands and feet and value health and beauty. Good walking gives a good look! Nano technology and graphene create a health cycle
Support Air Cushion Shoes	The ergonomic support and balance design stabilizes gaits and places

	the center of gravity evenly on both feet, allowing the whole body to be fully stretched and enabling smoother walking!
Graphene Moving Magnet Massage Shoes	Suitable for people with stiff bodies resulting from poor foot circulation caused by standing or sitting for long periods of time Your exclusive mobile masseuse!
Stress-Relief Walking Shoes	Suitable for people who need to stand for long periods of time or carry heavy objects/are easily get tired of their feet Dual stress-relief technologies allow you to move sharply every day!
Ultra-Dynamic Dual-Core Sports Shoes	A pair of easy-to-walk-in sports shoes with patented knobs that allow you to fasten and take off in three seconds Sports ankle support: The horseshoe-shaped circular wrapping design stabilizes gaits
Grounding electric sports shoes	The balanced circulation of energy, maintaining good health, and the comfort of bare-foot walking, satisfies the Ergonomics. The natural materials help the grounding and reduction of electrostatic pressure.
Nano Copper Fiber Sports Shoes	Nano copper fiber sports shoes: Moisture absorption and perspiration, antibacterial and deodorizing, even pressure release, breathable support, labor-saving and easy to push, glue protection: strengthen the rigidity of the sole and protect the stability of the feet.
Pressure-Relief Walking Shoes	Fully water-repellent: resistant to light rain and splashes. Featuring the Company’s exclusively developed health massage insoles, the forefoot is massaged with every step. Easy and comfortable
Muscle Strength Health Shoes	Designed to address pain points such as post-surgery rehabilitation, knee degeneration, and early signs of aging. Absorbs impact and protects the knees. Accompanies you on every 30-minute walking session. Develop a regular exercise habit over seven consecutive days.
Comfort Air-Cushion Shoes	Comprehensive pressure relief, specially designed for feet that stand for long periods. Carbon fiber support evenly distributes force on the sole to the arch, while the elasticity of carbon fiber provides a subtle “push-back force.”

②Leather goods:

Redefines the role of leather goods, upgrading them from simple matching accessories to everyday products that combine practical functions and lifestyle aesthetics. Through optimized storage design and structural innovation, together with fashionable elements and high-quality leather craftsmanship, the Company develops diversified product formats to improve convenience and overall texture, while shaping brand differentiation and market recognition.

Product	Description
Elegant Workplace Series	Combining with the precious classic bag shapes in the past, the unique structure is designed, to improve the overall details while incorporating both practicality and fashion sense.

Product	Description
Timeless classic series	The classic leather quilting technique is adopted as the main pillar of the series, extending to related series of bags and wallets, and creating a high-quality leather craftsmanship.
Creative Design Series	Exclusively pioneering new types of bag shapes with a patented structure, combining two different bag shapes into one through a special structure, creating products being discussed.
Fashionable Series	The seasonal popular colors, elements, and bag types are extended to bags and accessories, to increase segments of product by focusing on young customers.
Business Gentleman Series	Providing for men's business applications, showing a professional charm of the classic series; through the secondary processing of the top layer of cowhide to add characteristic texture to the leather surface, which not only strengthens the durability of leather goods but also optimizes the niche market.
Functional Leisure Series	Combining functional materials such as: waterproof zippers, waterproof fabrics, stress-relieving strap design, RFID blocking fabrics and other elements to be integrated into the shapes of daily bags for creating unique products.

③Accessories:

With functionality, high quality, comfort, and a high repurchase rate as its R&D core, the Company continues to expand diversified lifestyle product lines. Products include medical-grade insoles and protective gear, functional socks and innerwear, home comfort products such as slippers and bedding, lifestyle accessories such as umbrellas, and small home healthcare appliances. The Company is committed to creating a complete product ecosystem that integrates health, comfort, and taste, thereby enhancing the overall customer experience and brand loyalty.

Product	Description
Medical grade insoles	Tailor the insoles to your foot pressure measurement results to prevent your feet from feeling discomfort from standing or walking for a long period of time due to pronation, supination, or hallux valgus. This product can protect your feet and avoid foot discomfort.
Sustainable Circular Footwear	Circular footwear is not just a product, but a complete supply chain. It begins the moment consumers recycle their old shoes. Insoles, soles, and uppers are disassembled and reused separately. They are then recombined into new circular footwear. This is a full circular system, from arterial circulation to venous circulation. More importantly, this represents the upgrading and transformation of Taiwan’s footwear industry. We are not merely making shoes. We are creating a new business model and new sustainable value.
Functional textiles	Committed to meeting the needs of dryness, freshness, fit-temperature, and modification during long-term wearing, and combining with innovative technologies, the functional and tactile high-quality yarns are researched and developed, matching with the structural design of human factors engineering, to enhance the high-quality enjoyment of life.

Product	Description
Antibacterial House Shoes	Combining different material functions such as antibacterial, quiet, lightweight, and elastic, and based on needs human gaits and last structure fitting Taiwanese to satisfy the hunger of pursuing better life quality.
Functional insoles	The greatest contributor for the secret of comfortable wearing, and one of the values of the model. The foot bed adopts different material properties to match different foot structures, with the effect of shock resistance and stress relief.
Professional Leather Care Products	Exclusively introduced VIOLA professional shoe maintenance series and ARTCO professional leather product maintenance series under the long-established and high-quality JEWEL Company in Japan; the products claim the characteristics of clearness and non-greasy, effectively caring for leathers.
Medical Protective Equipment	The series of products allows users to achieve health protection with correction of posture, adjust the problem of sore back and waist due to wrong use of muscle; meanwhile, the circulation in the body is adjusted through far infrared rays, to beautify the body and demonstrate the health, energetic and beautiful life.
Functional Home Care Series	Adhering to the extended concept of health care development of functional fabrics, the Company cooperates with ITRI for patents on negative ion applications, to combine negative ions with fabrics or foam materials. We have also developed far-infrared functional bedding to promote circulatory health care, and create a healthy concept of household health care.
Small Home Care Appliance Series)	Committed to the development of health-related products, ranging from foot care products to small household appliance of antibacterial series (e.g. UV sterilization dryer) that can be used in shoes, cabinets, purses, among other things, while introducing portable UVC ultraviolet sterilization device to easily disinfect anytime and anywhere for the protection of the health of Taiwanese.

(II) Overview of industry

(1) The retail industry is a domestic demand-oriented industry, with product categories covering consumer goods and services related to food, clothing, housing, transportation, education, and entertainment. It is highly correlated with national income levels and the consumption structure. In recent years, as Taiwan’s economy has grown steadily, average per capita national income has continued to increase, driving stable growth in private consumption expenditure and providing important support for the growth of the retail market.

According to statistics from the Directorate-General of Budget, Accounting and Statistics, Executive Yuan, the average per capita national income in 2025 was NT$1,050,695, representing growth compared with 2024. Average per capita private consumption expenditure reached NT$533,013, also increasing from the previous year. This mainly reflected improvements in consumers’ purchasing power and lifestyle changes, which continued to drive growth in spending on outdoor activities, leisure travel, and daily consumption, indicating steady overall consumer confidence and continued expansion of market momentum.

In summary, amid the trends of rising national income and an optimized consumption structure, the domestic demand market has a stable foundation for growth, which is conducive to the long-term development of the retail industry. The Company will continue to monitor industry changes and consumption trends, strengthen its product strategies and channel deployment, and enhance operational efficiency and service value, in order to respond to market competition, capture growth opportunities, and build medium- to long-term competitive advantages and a foundation for sustainable development.

Average national income per capita and average private consumption expenditure per capita from 2021 to 2025

Unit: NTD

Year	Average income per capita	Average private consumption expenditure per capita
2021	806,095	417,131
2022	844,866	448,644
2023	856,742	491,898
2024	953,242	513,661
2025(P)	1,050,695	533,013

Source: Directorate General of Budget, Accounting and Statistics, Executive Yuan, the average income and consumption per capita in the Summary of National Income Statistics (price of the current period), February 2026.

In terms of industry structure and development trends, the retail industry is undergoing the following key transformations:

A. Accelerated Digital Transformation and Omnichannel Integration

With the widespread adoption of e-commerce and mobile payment, retailers are actively developing OMO (Online Merge Offline) operating models. Through data analytics, membership management, and precision marketing, retailers are enhancing customer experience and conversion rates while strengthening the operational efficiency of online and offline integration.

B. Consumption Upgrade and Growing Demand for Customer Segmentation

Consumer demand for products has gradually shifted from price-oriented considerations to quality, functionality, health, and personalized experiences. This has driven market growth in high-function products, health-oriented products, and design-driven products, prompting retailers to continue deepening product differentiation and brand value.

C. Rise of Sustainable Consumption and ESG Awareness

Amid the global trend toward net-zero carbon emissions, consumers have become significantly more attentive to environmentally friendly materials, the circular economy, and corporate social responsibility. This has prompted retailers to introduce sustainable materials, green design, and low-carbon supply chain management to respond to market expectations and enhance brand competitiveness.

D. Challenges in Supply Chain Resilience and Cost Control

Affected by international political and economic developments, fluctuations in raw material prices, and rising labor costs, companies must strengthen their supply chain management capabilities. Through diversified procurement strategies, localized supply, and digital management, companies can reduce operational risks and improve overall efficiency.

Overall, supported by continued growth in national income and steadily improving consumption momentum, the retail industry continues to offer long-term development potential. However, in the face of digital transformation, changes in consumption structure, and sustainable development requirements, companies must simultaneously strengthen innovation capabilities and operational resilience in order to capture emerging business opportunities arising from industry upgrading and establish medium- to long-term competitive advantages.

According to statistics from the Department of Statistics, Ministry of Economic Affairs, Taiwan's retail industry recorded revenue of NT$4.73 trillion, NT$4.85 trillion, and NT$4.84 trillion in 2023, 2024, and 2025, respectively, with the overall market size remaining at a high level. Among these, revenue from textiles, apparel, and accessories amounted to NT$317.3 billion, NT$345.4 billion, and NT$352.9 billion, respectively, indicating a stable but moderating development trend. Overall, national income has remained stable, while private consumption expenditure has continued to grow, providing fundamental support for the retail industry and enabling the overall market size to remain relatively steady.

In 2025, retail industry revenue amounted to NT$4,844.8 billion, representing a slight decrease of 0.2% from the previous year, indicating that overall market growth momentum has moderated. By industry segment, general merchandise retailing increased by 3% year-on-year, demonstrating the effectiveness of channel integration and diversified product strategies. However, textiles, apparel, and accessories retailing decreased by 2.57% year-on-year, indicating that this market category is facing pressure from structural adjustments.

Further analysis indicates that this was mainly due to factors such as changes in consumption patterns, inflationary pressure, and adjustments in the allocation of disposable income. Consumers have become more conservative in their spending structure and have placed greater emphasis on product value and practicality. Although active capital market performance has generated a wealth effect, consumption momentum for non-essential goods such as apparel and footwear in physical channels remained relatively conservative. As a result, the overall retail market showed a consolidation pattern against a high base.

Overall, while maintaining a stable scale, the retail industry has gradually shifted from a growth-oriented phase to a stage focused on structural adjustment and quality enhancement. Going forward, industry participants must respond to changes in consumption trends by strengthening product differentiation, enhancing brand value, and integrating digitalization with channel integration strategies, in order to improve operational resilience and capture market growth opportunities.

The related statistics for the most recent five years are as the table below:

Turnover of comprehensive merchandise retail industry, cloths and apparel products, 2021 to 2025

Unit: NT$ 100 million

Year	Retail of comprehensive goods		Retail cloths and apparel		Other non-store retail	
	Sales amount	Annual growth rate	Sales amount	Annual growth rate	Sales amount	Annual growth rate
2021	12,692	0.06	2,666	0.31	4,026	26.63
2022	13,754	8.36	3,173	19.03	4,466	10.92
2023	14,768	7.37	3,454	8.86	4,531	1.46
2024	15,434	4.51	3,529	2.16	4,668	3.01
2025	15,897	3.00	3,438	-2.57	4,827	3.41

Source: Department of Statistics, MOEA, the statistics of commercial turnover in the retail industry, December 2025.

From the perspective of the development history of Taiwan's retail industry, market leadership has gradually shifted from an early manufacturer-oriented model to a retailer-oriented model, and has further evolved into a demand-driven market centered on consumers. With technological advancement and the widespread adoption of digital applications, consumption patterns and lifestyles have become increasingly diversified, and retail models have continued to innovate and evolve. Emerging channel formats have continued to appear, including omnichannel OMO operating models integrating online and offline channels, mixed-use commercial spaces, smart retail incorporating ICT technologies, as well as television shopping, e-commerce, non-store retailing, mobile commerce, and other diversified formats. These developments have driven Taiwan's retail market toward diversification and a high degree of integration, while gradually aligning it with international trends.

The Company has long been deeply engaged in the chain footwear business and continues to uphold its core philosophy of refined products and optimized quality, while actively promoting the upgrading of its brand image. Through the scale advantages of its chain operating model, the Company not only effectively enhances brand awareness and market competitiveness, but also strengthens consumers' trust in and loyalty to the brand.

Facing rapid changes in consumption patterns, the Company continues to deepen its core business and strengthen product development and channel management capabilities. At the same time, it integrates resources from industry, government, academia, and research institutions to develop high value-added products and services, gradually transforming from a product-oriented business into a service platform centered on consumers' health needs. Going forward, the Company will continue to promote the upgrading of the industry value chain, integrate digital applications and innovative design, facilitate diversified product development and borderless channel deployment, and enhance overall operational resilience and long-term competitive advantages.

(2) Links between the upstream, midstream, and downstream segments of the industry

To cope with the nature of the footwear industry, the Company has constructed a complete supply chain system, and has set up an intensified retail network from physical to virtual markets. The upstream, midstream, and downstream are interdependent to form a sound production and sales system. It leads the upgrading of the upstream and midstream shoe industry, and develops toward the directions of "product diversification" and "boundaryless channels"

Up-stream	Mid-stream	Down-stream
Shoe materials, machinery equipment industry	Footwear manufacturing and supply industry	Retail channel industry
Leather, and textile fabrics	Footwear design, and last development	Chain stores, general stores
Rubber, PU, and substrate	Upper production	Department store counters, and malls
Plastic, glue, wire	Outsole production	Hypermarkets
Hardware buckles and accessories	Finished shoe making	Special sale channels
Shoe boxes, dust bags, and cartons	Transportation and distribution	Online stores
Shoemaking machines and equipment		
Others		

(3) Development trends of products

①Footwear

In recent years, footwear products have gradually transformed from traditional basic wearing goods into lifestyle products that combine functionality, health, comfort, and style. Consumers' expectations for footwear are no longer limited to appearance design and styling needs. They now place greater emphasis on functional value, including foot support, gait stability, pressure distribution, wearing comfort, and overall health management, indicating that the footwear market is developing toward higher added value and health-oriented products.

With the increasing popularity of health awareness, the LOHAS concept, and preventive healthcare, consumers' demand for footwear has evolved from "looking good" to "wearing healthily, comfortably, and with peace of mind." A pair of market-competitive footwear must not only feature fashionable design and reliable quality, but also respond to the needs of different foot shapes, gaits, and lifestyle scenarios in terms of last design, material application, structural functionality, and wearing experience. This trend has driven the footwear industry to gradually shift from competition based on individual products toward integrated competition combining ergonomics, material technology, health management, and data applications.

Currently, the development of footwear products is clearly moving toward multifunctional integration and technology convergence. Product design is no longer limited to a single functional appeal, but instead combines multiple technical elements, including antibacterial properties, breathability, shock absorption, support, lightweight design, dryness, anti-slip performance, arch stability, gait correction, and comfortable rebound, in order to enhance overall product value and consumer loyalty. The introduction of high-tech materials, composite sole structures, and modular functional designs has become an important direction for the upgrading and differentiated development of the footwear industry.

The Company has long been deeply engaged in the footwear market and continues to stay abreast of domestic and international industry developments, fashion trends, and the direction of innovation in materials. In addition to conducting research on competing products in the market, the design team continuously collects information on international footwear design, leather materials, and innovative functional applications, which serves as an important foundation for product development and technology upgrades. This approach helps the Company maintain agility and foresight in product development amid a rapidly changing market, while steadily launching product series that combine fashionable design with health-oriented functionality.

In terms of product development strategy, the Company focuses not only on international fashion trends but also on local demand in the Taiwan market. Taking into account Taiwan's climate, consumers' wearing habits, personal preferences, and common foot-related pain points, the Company conducts product R&D and design based on different functional needs, usage scenarios, and lifestyle contexts. This enables the Company to provide footwear that combines fashionable aesthetics, practical value, health, and comfort, thereby strengthening the brand's market fit and customer satisfaction.

In addition, in recent years, the Company has actively expanded beyond traditional footwear sales into foot health promotion services, transforming from a product provider into an integrated foot health service platform. Through cooperation with professional institutions and R&D units, the Company has introduced dynamic plantar pressure measurement technology and foot data analysis applications, and continues to accumulate data on foot shape, gait, pressure distribution, and other related information. These data serve as an important basis for product innovation, last optimization, and functional design, further enhancing the precision of product R&D and the Company's differentiated service advantages.

The Company also continues to strengthen the service functions of its physical channels, gradually upgrading stores from simple sales locations to service touchpoints that integrate foot care, footwear recommendations, and health consultations. Through more comprehensive customer interactions and a deeper understanding of customer needs, the Company strengthens the foundation of brand trust and expands the overall value of footwear products and health services. Looking ahead, footwear products will continue to develop toward health management, data application, functional integration, and service platformization. Based on these directions, the Company will continue to deepen its core competencies and drive product upgrades and enhance brand value.

②Leather goods

The market positioning of leather goods has gradually shifted from an accessory role focused primarily on coordination and decoration to an important product category that combines everyday practicality, lifestyle functionality, design aesthetics, and brand style expression. As consumers place increasing emphasis on quality of life, ease of use, and personal style, leather goods are no longer merely supplementary products. Instead, they have become lifestyle products that integrate function, taste, and usage scenarios.

Current development trends in the leather goods market emphasize not only appearance and fashion appeal, but also the integrated application of storage logic, structural design, material expression, durability, and lightweight design. When purchasing leather goods, consumers have shifted from focusing solely on price to evaluating overall value. Product texture, craftsmanship details, usage efficiency, suitability for different occasions, and brand identity have all become key factors affecting purchasing decisions.

The Company continues to develop diversified leather goods based on the needs of different customer segments and price-positioning strategies, in order to meet consumers' differentiated needs for function, quality, and style. In addition to being driven by market demand, the development of leather goods continues to take into account international fashion trends, material trends, and structural application directions. The Company transforms external fashion elements into product language that aligns with its brand spirit and market positioning, thereby enhancing the completeness and market recognition of its product series.

In terms of product strategy, the Company strengthens the differentiated appeal of its leather goods by applying fashionable styles, special materials, and innovative structures, enabling its products to combine design appeal, practicality, and craftsmanship, thereby further enhancing added value and market competitiveness. Going forward, leather goods will continue to evolve toward higher quality, more functional structures, lifestyle scenarios, and a more distinctive brand style in response to market demand for products that combine practicality and aesthetics.

③Accessories

As the consumer market becomes increasingly segmented, accessories have gradually evolved from complementary matching items into an important product line that extends brand value, strengthens lifestyle propositions, and enhances customer repurchase rates. Today's consumers not only value the brand and quality of footwear itself, but also place increasing emphasis on the functionality, comfort, convenience, health benefits, and style consistency of accessories, indicating a clear upgrading trend in the accessories market.

In recent years, driven by faster-paced lifestyles, changing climate conditions, and rising consumer demand for efficient living, functional products with specific performance features have grown rapidly. Materials and technologies related to heat retention, cooling sensation, antibacterial properties, water repellency, UV protection, pressure relief, breathability, and far-infrared properties have been widely incorporated into the design and development of various accessories. Such products not only meet consumers' needs for convenience and comfort, but also further respond to market trends toward health care and quality living.

In addition, as national income rises and consumers place greater emphasis on quality of life, various industries are actively exploring ways to create added value through product differentiation. Accordingly, accessories have gradually upgraded from products with a single matching function into diversified items that provide health care, daily care, and quality-of-life enhancement functions. Among them, health-oriented functional products have received particular market attention. Their development focuses not only on functional performance but also on wearing comfort, skin-friendly materials, design aesthetics, and fashion elements, creating a product trend that combines practicality and aesthetics.

The Company's accessories are developed primarily toward health, comfort, practicality, and taste. In addition to textile accessories, the Company has also expanded into home products, such as indoor footwear and bedding, to meet customers' diverse needs in different lifestyle scenarios, including work, outdoor activities, and home living. By incorporating health-related features such as antibacterial properties, pressure relief, support, and comfort into product development, the Company continues to strengthen the functional value and lifestyle applicability of its accessories, thereby enhancing the overall customer experience.

With respect to care products, the Company is also actively developing product selection and procurement plans related to foot care, footwear care, and leather goods care, focusing on three major themes: footwear care, leather goods care, and foot care. By advancing both products and services, the Company not only helps customers establish proper care concepts and extend product service life, but also further demonstrates the brand's emphasis on after-sales service and customer relationship management, deepening its professional brand image and service substance.

Overall, accessories will continue to develop toward health-oriented functionality, material technology, lifestyle scenario applications, and service integration. The Company will continue to focus on customer needs and combine health concepts, material applications, tasteful design, and service extensions to build a more complete product ecosystem, thereby enhancing brand synergy and long-term competitive advantages.

Looking across the development trends of footwear, leather goods, and accessories, the market has gradually shifted from a past focus on individual product functions and price competition to an integrated competitive model that emphasizes health value, functional innovation, lifestyle propositions, brand experience, and service integration. Facing the continuous upgrading of consumer demand and rapid changes in the industry environment, the Company will continue to deepen its product R&D capabilities, strengthen cross-sector resource integration, optimize its product structure, and integrate channels, data, and service systems. Through these efforts, the Company aims to build a differentiated, high value-added, and sustainable product strategy to consolidate its market position and capture future growth opportunities.

(4) Status of competition of products

①Footwear

Footwear products are daily necessities with a stable demand base. However, as the market has entered a mature stage in recent years, competition has become increasingly intense. In addition to competition from traditional industry peers, the rapid rise of emerging fashion brands, together with the traffic economy driven by e-commerce platforms and social media, has increased price transparency. Market competition has shifted from simple product competition to multifaceted competition involving brands, channels, services, and data applications, while price competition has also become a common short-term promotional practice.

In this competitive environment, companies seeking to establish long-term advantages must shift from price competition to value competition. Leveraging the brand foundation and channel advantages accumulated through its long-term presence in the chain footwear industry, the Company continues to focus on product expertise, R&D capabilities, and customer service experience as the core pillars of its competitiveness. In terms of product development, the Company has established a systematic R&D process that covers market trend analysis, foot-shape data research, material selection, structural design, and wear testing, ensuring its products combine functionality, market appeal, and differentiation.

In terms of technology application, the Company introduces dynamic plantar pressure measurement systems and foot big data analysis to transform foot-shape characteristics, pressure distribution, and gait information into the basis for product design. This strengthens the last precision and footwear functionality, enabling products to effectively address the foot-related needs and health risks of different customer groups. This data-driven product development model helps raise the professional threshold of the Company’s products and strengthen market segmentation capabilities, and has received recognition through relevant professional awards.

In addition, the Company continues to strengthen the core value of its footwear products, including comfort, support, durability, and health-oriented design, while enhancing overall product performance through material innovation and structural optimization. At the same time, by combining a comprehensive store service system with an after-sales service mechanism, the Company provides customers with professional recommendations and ongoing care, further deepening customer relationships and brand loyalty.

In terms of channel strategy, the Company actively promotes online and offline integration, extending the professional services and product experience of physical stores to digital channels. Through consistent product information, service processes, and customer experience, the Company enhances overall operating efficiency and market penetration. Going forward, the Company will continue to focus on “product specialization, service differentiation, and data application” as its key development directions, in order to strengthen its competitive advantages and solidify its market position.

②Leather goods

Competition in the leather goods market has become increasingly polarized. High-end brands compete primarily on brand value and design capabilities, while the mid- to low-price market competes mainly on price and practicality. Overall, when selecting leather goods, consumers have shifted from a single price-oriented approach to placing greater emphasis on material quality, structural design, functional integration, and brand style. Market competition is gradually moving toward value-oriented and differentiated development.

In terms of competitive strategy for leather goods, the Company focuses on integrating “stable quality, practical functions, and design aesthetics.” By carefully selecting top-grain leather and high-performance materials, and introducing optimized structural designs, the Company’s products combine durability, lightweight design, and storage efficiency, thereby enhancing the user experience and product added value.

In product development, the Company continues to monitor international fashion trends and consumer usage scenarios, and strengthens multifunctional product designs, such as cross-scenario use for commuting, business, and leisure, as well as modular storage concepts. This enables a single product to deliver diversified usage value, enhancing product competitiveness and customer satisfaction.

In addition, in response to consumers’ increasing demand for high-cost-performance, high-added-value products, the Company balances price and value through product design and structural innovation, creating attractive product portfolios while gradually building brand recognition and differentiated advantages for its leather goods.

③Accessories

The accessories market is highly competitive and changes rapidly. Products have short life cycles and are easily affected by fashion trends and consumer preferences. As consumer demand becomes increasingly diversified, accessories have shifted from simple matching functions to composite products that combine functionality, health benefits, comfort, and lifestyle applications. Market competition has also expanded from design orientation to material technology and functional integration.

In developing accessories, the Company adopts a differentiation strategy, avoiding low-price competition and focusing on high-quality products with high repurchase rates and strong functionality. Product categories include functional socks, functional apparel, medical-grade protective gear and insoles, and health-oriented bedding. Through material integration and technology application, the Company enhances product comfort and functionality to meet consumers' needs for health and quality living.

In terms of product technology, the Company introduces functional fibers and materials with features such as antibacterial properties, water repellency, breathability, pressure relief, and temperature control, thereby enhancing product differentiation and market competitiveness. At the same time, through collaborative development with supply chain partners, the Company strengthens product R&D efficiency and quality stability, while continuously expanding the application scope of accessories.

In the field of care products, the Company adopts a professional service-oriented approach and has established a complete product line for footwear, leather goods, and foot care. It also introduces differentiated international brand products to enhance product professionalism and market recognition. In addition, the product line has expanded into lifestyle applications, such as sterilizing and drying equipment, thereby strengthening product diversity and lifestyle relevance and further enhancing customer experience and brand value.

Overall, product competition has shifted from a past price-oriented model to an integrated competitive model that combines product expertise, technology application, brand value, and service experience. The Company will continue to strengthen its R&D capabilities, deepen data application, optimize its product structure, and integrate channels and service systems to build differentiated and high-value-added product competitive advantages, thereby responding to market changes and ensuring the Company's long-term stable development.

(III) Overview of technology and R&D;

(1) Technology level of the businesses operated

The Company's strategies for product research and development are all developed towards the core concept of "truth, goodness, beauty, and innovation." Every employee are embedded with the philosophy of "insisting to make the best shoes in Taiwan" to develop the "technological products with better professional functions" and "products more in line with human needs" to develop unique exquisite footwear industry in Taiwan.

The technology level of the Company's business is to master the research, development, and design of shoe materials, last shapes, styles and functions. In addition to developing a variety of serial products, it has also applied for numerous patents.

Patents provide innovative results of research and development, create market differentiation, and enhance brand competitiveness. Meanwhile, patents are also the best way to increase product value. In the traditional shoe industry, there is no other conditions as a reference for consumers to purchase other than comfort and beauty. By applying patented technologies to various products, the functions of shoes become another consideration for consumers in purchasing, as well as the characteristic and advantage of products. The Company proves their emphasis on products and efforts made to R&D via the patent certificate to customers, and thus increase consumers' trust in the products.

Increase the added value of products and extend new services, to create growth momentum of increased turnover with innovative service models, while creating the first cooperation model of foot smart health service in the world.

Develop smart wearable devices of foot; the temperature and humidity sensing models to detect the climate inside the shoes and feedback on temperature rise; the foot pressure sensing models - use foot pressure comparisons to suggest posture corrections; and customized models - use 3D foot scans to provide consumers with the functional soles based on their foot shapes, and the smart wearable components are applicable.

Construct a foot health service model to provide foot sensing information, record or share the information in real time, to the wearers for assisting in health management, and provide a reference to the development side for improving shoe materials and structures.

Accurately make personalized adjustments for foot problems, integrate "intelligent" dynamic measurement data, and grasp foot health trends for a long time. Various combination models are provided to foot pads, including solutions for asymmetrical abnormalities.

The measurement is completed in 30 seconds. Previous measurement data may be inquired, including measurement value curves, to quickly generate professional physical therapy based on foot pressure analysis, and the most appropriate combination of products or health education promotion are accurately recommended based on the evaluation results.

To cope with the needs of different soles, based on the corresponding pain points, gait adjustment, double-density three-dimensional structure, more than five kinds of functional soles are matched for the best combination of the most suitable insoles specific to foot conditions.

(2) Research and development

In addition to the continuous research and development of “technological products with better professional functions" and "products more in line with human needs," the Company also devotes a lot of efforts to the research and analysis for ergonomics of foot for health promotion as the basis for product development, and has started to invest in the integration of the on- and offline foot service platform as summarized below:

Research and development items	Description
Footwear Expert	Digitized foot comparison - Including foot measurement, foot assessment and fit shoe assessment system - Through the establishment of the e-shoe service system, the consumer's foot shape data can be clearly recorded - Include the customary shoe-wearing and preferred style of customers -Provide specific directions for the development of products that are more comfortable and more in line with consumer needs Integration of online and offline: - In the future, this service model will be extended to the Company's physical channels to interact directly with customers - Customers may enjoy more humanized and personalized exclusive services Open force application: - The Company also conducts industry-government cooperation programs with the Commerce Development Research Institute Combining smart phones with the Company's information system, we developed the "Foot Happiness and Beauty Service Platform, ASK.ASO Measurement Service System" to establish the Company's professional status in the minds of consumers
Material Center	Improve the competitiveness of materials: - The R&D and application of new materials aiming to improve the uniqueness and competitiveness of shoe materials - More accurately tracking material quality and delivery - Through unified procurement of shoe materials, the advantages of maximizing resource utilization and lowering prices by massive quantity are achieved. Integration of suppliers: - As the rising prices of international raw materials, it is sought to expand the Company to become the Procurement and management hub for shoe materials and integrate the upstream suppliers -Proper control over the utilization of shoe material resources and development costs, so that consumers can obtain the best products
Ergonomic Shoe Lasts	The shapes and internal spaces of shoes all come from the shoe lasts. In addition to the inheritance of the experience of the shoemaking masters, it is also verified by combining human factors engineering technology to derive the most suitable Ergonomic Shoe Lasts for the feet of Taiwanese. The efforts behind have become the important foundation for the Company’s comfortable shoes. In addition to continuously caring about the foot conditions of Taiwanese, the Company collects and updates the database, and plans to integrate the 3D modeling technology to modularize the data and foot last conversion and comparison standards, so that it can quickly correspond to calculations, allowing the relationship between foot and last to be more precise and close, to refine the product development.
ASO A+	Health appeal combined with the concept of exercise and preventive health care: - Adopting dynamic APP foot pressure measurement to recommend suitable shoes and insoles according to foot shape and foot pressure

Research and development items	Description
	- The only wearable insole sensing the temperature and humidity inside the shoe in the industry, which collects foot information to provide personalized services - Active heated insole - Improvement of shoe material and shoe structure, with customized shoe lining - Convenience, fun, practicality, professionalism, topicality and affordable prices Services: - Quick and dynamic scan of foot shape; recommendation of suitable shoes and surrounding products - In-shoe climate sensing, providing personalized foot care information - Customized insole production - Customized service for shoe lining - Resource referral for cases of abnormal foot conditions 3D foot shape sensing pad: - The scanning process shall be fast to save customers time - The scan results must be accurate to provide recommendations for suitable shoes and customized insole services - Need to have the function of scanning foot pressure
Dynamic Foot Pressure Measurement	Use gait analysis to develop customers' in-depth consumption experience, to enhance the value of A.S.O brand service, and further create new product research and development capabilities and opportunities of new market development. Adopting the measurement experience of gait analysis, allowing customers to understand themselves better and assist in recommending the best products - Understand the needs from the customer's foot conditions - Construct credible data management and analysis - Diverse and precise marketing and technology application - Create an in-depth consumer experience for end customers - Apply the results of the measurement analysis -Develop modular and customized innovative products Professional foot measurement service process Interpretation of analysis results, including: • Foot pressure distribution • Center of gravity: normal/inward bias/outward bias • Foot arch: normal/high arch/mild flat foot/severe flat foot Construct foot information, including: • Total foot length • Inner foot length • Foot width • hallux valgus tendency Corresponding products are recommended according to the foot conditions, including • Full-fledged, outward bias, and basic • Exclusive type (for plantar fasciitis and hallux valgus) • Put on shoes and socks for food measurement

<table>
<tr><th>Research and development items</th><th>Description</th></tr>
<tr><td></td><td>• Static measurement: stand still for five seconds, take three to five steps in place.
• Dynamic measurement: walk six meters.
Innovative exclusive and prestigious service
• Based on the gait data fed back by end customers, the user's foot shape analysis is carried out, and the application requirements of each foot shape are integrated.
• Construct a modular production policy according to each foot type to promote the appropriate corresponding products.
• Through the complete gait analysis experience process, the foot conditions and needs of each customer are deeply understood.
• Corresponding to the results of foot analysis, corresponding practical products are recommended, to increase consumption power, and enhance customers' perceived value of consumption.</td></tr>
<tr><td>Therapeutic insoles</td><td>• The subsidiary, Shuan Yue, applied for a medical device manufacturer certification in 2022 and obtained a medical device manufacturer permit (Xin-Bei-Fu-Zhong-Wei-Yi-Qi-Zhi-Zi No. MD6131000592). It also obtained a Class I medical device permit (Fu-Pu-Yi-Qi-Zhi-Zi No. 009681) from the Ministry of Health and Welfare (Shuan Yue Therapeutic Insole: not sterilized). The insoles produced by Shuan Yue are exclusively for sale through SHUI-MU’s channels. Hence, 2022 is the “First Year of Medicare” for SHUI-MU.
• SHUI-MU adds new product series and upgrades some existing series to ASO+, directly communicating the image of “medical and healthy” with the public. Especially since 2018, SHUI-MU has established the foot medical center combining dynamic measurement services, occupational therapists, physical therapists, and even an orthopedic doctor. It is no longer just selling shoes, but has become a “foot health” expert and turned to the direction of technology for medical treatment.
• ASO+ provides product mixes of functional health care products with higher added value, and expands to whole-person wellbeing.
The professional foot health consultation before sale of the health shoe series, health insoles and medical insoles, dynamic foot pressure measurement during sales to understand the gait health, and the regular tracking and foot remeasurement after sales are important equivalently. They are the key cores of the study which the Company has committed to in the recent years.</td></tr>
<tr><td>Sustainable Circular Footwear</td><td>Self-Sufficient and Sustainable Zero-Waste Fully Circular Footwear
• With assistance from the Industrial Development Bureau, domestic footwear brand A.S.O has built a Taiwan-based, self-sufficient, sustainable, and zero-waste circular footwear industry supply chain. Based on concepts such as circular design, substitution with recycled materials, reuse technologies, and extended producer responsibility, the Company has developed fully circular footwear covering both arterial and venous circulation. This gives old shoe materials renewed value, achieving energy conservation and carbon reduction, reducing environmental impact, and further enhancing the international competitiveness of Taiwan’s footwear industry!</td></tr>
</table>

(3) R&D personnel and their education and working experience

March 31, 2026

Education	Master's	Colleges	High School	Total
Attendees	5	0	5	10
Proportion of R&D personnel	100%	0%	100%	100%

The types of R&D talents required by the industry of the Company are different from the general technology industries. The general technology talents must have sufficient academic knowledge and practical experience in their field to develop innovative products. Therefore, an employee's education in a technology industry can prove the sufficient expertise of the employee. However, the Company's products are mainly footwear and insole auxiliary products, and the product development is already mature. For the design and development direction of products, on top of focusing on product functions, it also emphasizes the beautiful design of styles and patterns, to keep up with fashion trends. Hence the Company's R&D personnel not only have relevant R&D qualifications in the footwear industry, but also art design talents are recruited with cross-disciplinary collaboration with doctors to meet the R&D needs of the Company's products.

(4) Research and development expenditures as well as technologies and/or products successfully developed during the most recent five years

①Research and development expenditures invested during the most recent five years

Unit: NT$ thousand; %

Item/ Year	110 年	111 年	112 年	113 年	114 年
R&D expenses	14,306	11,346	13,690	11,373	10,422
Net operating income	1,084,373	1,241,073	1,178,163	1,136,445	1,117,949
Percentage (%)	1.32%	0.91%	1.16%	1.00%	0.93%

②Technologies or products developed successfully for the self-own brands in the most recent three years

A. New products (2022SS ～ 2025AW):

Product	Name of products	Year	Description of product features
	Support Air Cushion Shoes	2022AW	Support Air Cushion Shoes Laced design Allows for tightness adjustment at any time, making the feet more stable Natural waxed leather With the rubbed dual-color waxy texture, the shoes become brighter as time goes Efficient shock-absorbent top lift

Product	Name of products	Year	Description of product features
	Support Air Cushion Shoes		Tingli Healthy Air-Cushion Shoes Lace-Up Design Easy to put on and take off, with adjustable tightness for a personalized fit. Lightweight Extra Air-Cushion Outsole Lightweight and comfortable for long hours of standing or walking, helping reduce fatigue. Balanced Full-Sole Support Provides overall sole balance and comfort, making prolonged standing less tiring. Healthy Gait Design Designed to support a smooth heel-to-toe transition and promote stable walking posture.
	Support Air Cushion Shoes	2022AW	Support Air Cushion Shoes Laced design Allows for tightness adjustment at any time, making the feet more stable High-quality glue-dripping design High-temperature thermal forming, elastic covering mesh to maintain the stability and wear resistance of the toe cap 360º night reflective strips Dramatically improve security Ensure walking safety during the night Extremely breathable design Technical mesh material with excellent breathability Light-weighted super air cushion insole Light-weighted wearing, no more fatigue after long-time standing and walking
 	Mountain Climbing Air Cushion Shoes	2022AW	Mountain Climbing Air Cushion Shoes Laced design Allows for tightness adjustment at any time, making the feet more stable Anti-snag woven fabric Wear-resistant, not easy to break Foot guard design Tie shoelaces in one action 360º waterproof sock design Dynamic waterproof, safe and breathable Water repellent structure on shoe upper Water-repellent, anti-siphon, safe to wear Toe wear-resistant cap Wear-resistant, anti-kick design

Product	Name of products	Year	Description of product features
			Natural suede Can be used with suede cleaner, or waterproof and anti-dirt spray Lightweight rubber sole Anti-skid level of safety shoes, providing the grip needed in the complex environment of suburban mountains in Taiwan Half top ankle support design Keep socks and ankle braces dry
	Foot Pain Relief Insoles	2022AW	Foot Pain Relief Insoles It can prevent bone spurs from being pressed to the place and cause discomfort. The hardness and thickness of the arch plate are moderate and different from general arch support insoles. Good arch support can effectively reduce the tension on the plantar fascia when the lower limbs bear weight, and mitigate the damage to the plantar fascia .
	Anti-Fatigue Insoles	2022AW	Anti-Fatigue Insoles A good pair of anti-fatigue helpers you need Tired calves can lead to edema, knee and ankle pain, shin pain, plantar fasciitis, Achilles tendonitis, and even back problems Relaxed and energetic Effective protection of the heel to reduce calf tiredness Nitrogen is usually injected into the airbags to stabilize the internal pressure and provide better shock absorption and stability while protecting the heel fat pad and reducing calf fatigue
	Foot Cleaning Insoles	2023SS	Foot Cleaning Insoles It is easy for sweaty feet in unventilated shoes to breed bacteria and produce bad odor In the long run, there is a high probability of causing athlete's foot, onychomycosis, and related diseases. The Foot Cleaning Insoles are an air purifier that circulates the air inside shoes to create a sterile environment and bring

Product	Name of products	Year	Description of product features
			you a pair of healthy feet.
	Graphene Circulation Trail Shoes	2023SS	Graphene Circulation Trail Shoes A pair of lightweight trail running shoes suitable for casual beginners and light trail runners to travel in the mountains and forests easily! The shoes provide grip and save effort in hiking activities, allowing people to navigate any terrain with ease. The select textured fly-knitting upper and lightweight anti-hook fabric design make the shoes breathable and comfortable to wear. The upper is water-repellent and abrasion-resistant, and the 360º waterproof sock design is safe and breathable. Thickened tongue and heel design for enhanced protection. The 3E wide lasts fit the foot shapes of Taiwanese people and provide a large space for the toes to stretch.
	Graphene Circulation Fitness Shoes	2023SS	Graphene Circulation Fitness Shoes Suitable for people who have cold hands and feet and value health and beauty. Good walking gives a good look! Nano technology and graphene create a health cycle. The dual technologies for thermal conductivity ensure good circulation and good metabolism, keeping you in the pink. Taiwan's first pair of nano and graphene insoles Promote circulation Keep your feet warm Provide long-lasting antibacterial and deodorizing effect
	Support Air Cushion Shoes	2023SS	Support Air Cushion Shoes Ideal for those who value body posture and want to walk easily and effortlessly "1 pair of shoes with 2 insoles" The first batch of customers get free jogging and dancing insoles Walk to get in shape now! The ergonomic support and balance design stabilizes gaits and places the center of gravity evenly on both feet,

Product	Name of products	Year	Description of product features
			allowing the whole body to be fully stretched and enabling smoother walking! "Dual airbags" provide shock absorption and stress relief for heel protection! Insole - Heel nitrogen airbag: Shock-absorbing airbag to protect the heel fat pad. Outsole - Independent cylinder airbag: Highly-elastic cushioning, stress relief, and protection, making every step comfortable!
	Graphene Moving Magnet Massage Shoes	2023AW	Graphene Moving Magnet Massage Shoes Suitable for people with stiff bodies resulting from poor foot circulation caused by standing or sitting for long periods of time Your exclusive mobile masseuse! With a select top-quality genuine leather + fly-knitting upper as well as a shiny metallic gold flying woven design and shoelaces, the shoes are breathable, beautiful and fashionable. The side of the vamp is designed with an additional zipper for you to put/take the shoes on/off easily and safely. Thickened tongue and heel design for comfortable wearing, wear resistance, and enhanced protection. The two smile-like curves + wide lasts that fit the foot shapes of Taiwanese people allow for easy ambulation and flexible toe stretching.
	Stress-Relief Walking Shoes	2023AW	Stress-Relief Walking Shoes Suitable for people who need to stand for long periods of time or carry heavy objects/are easily get tired of their feet Dual stress-relief technologies allow you to move sharply every day! High-quality Nappa cowhide provides a soft and comfortable wearing experience. Hook-and-loop fastener design: It can be adjusted according to your instep heights, allowing you to get the shoes on and off easily in a short period of time. The inner lining is covered with a circular

Product	Name of products	Year	Description of product features
			air cushion for comfortable protection. The wide lasts fit the foot shapes of Taiwanese people and ensure flexible toe stretching. Hand-sewn to enhance the stability of the sole for foot protection.
	Ultra-Dynamic Dual-Core Sports Shoes	2023AW	Ultra-Dynamic Dual-Core Sports Shoes A pair of easy-to-walk-in sports shoes Patented knob: Fasten and take off in 3 seconds Recommended for those who love hiking and slow jogging Sports ankle support: The horseshoe-shaped circular wrapping design stabilizes gaits Waterproof sock design: Provide better moisture protection for feet Full shoe protection: Improve toughness for foot protection Reflective design: Enhance walking safety at night Boat-shaped design for support: Support moving gait and ensure effortless propulsion Dual-core independent cylinders: Provide elasticity when the center of gravity moves forward and provide shock absorption when the center of gravity moves backward Shading providing grip and drainage effect: Adapt to various terrains, provide safety and non-slip effect, and give effortless propulsion
	Grounding electric sports shoes	2024SS	Grounding electric sports shoes Full sole grounding: The double cycle of the graphene materials. Nano carbon black conductive technology: Release of waste electricity in the body drive by sutures. Effective promotion of the balance of the electric cycle with the effective promotion of the earthing electric conductor: accelerate the earthing electric conductor with zero dead angle.

Product	Name of products	Year	Description of product features
	Nano Copper Fiber Sports Shoes	2024AW	Nano Copper Fiber Sports Shoes Nano copper fiber shoes: Moisture absorption and perspiration, antibacterial and deodorizing, even pressure release Lightweight walking, and convenient to wear Slip-ins knob: No bending, and fasten and take off in 3 seconds Multi-function non-slip: The dual materials are applied to the ground simultaneously, which conforms to the conversion of dry land to wet land, and provides good grounding and anti-slip function.
	Pressure-Relief Walking Shoes	2025SS	Fully water-repellent: resistant to light rain and splashes.
	Muscle Strength Health Shoes	2025AW	Patented nano antibacterial insoles: with water absorption of 6.5 times, a 100% dehydration rate, moisture absorption and sweat wicking, and dry, comfortable wear.
	Comfort Air-Cushion Shoes	2025AW	Featuring the Company’s exclusively developed health massage insoles, the forefoot is massaged with every step. Easy and comfortable

B. New patented technologies

The technology and knowledge related to product research and development are important assets of the Company. The Company invests manpower and funds in the innovative research and development of products every year, and values and protects patent-related matters extremely. Therefore, patents are applied for new technologies, materials, and processes, to protect the rights and interests of the Company. Meanwhile, the Company monitors the reports of the patent bulletin, to understand the patents related to footwear, and check the competing products on the market from time to time to ensure the legitimacy of product patents.

List of approved patents in the most recent five years

Area and type of patent / Year	Taiwan		Mainland China		The United States	
	Utility model	Design	Utility model	Appearance	Utility model	Appearance
2021	0	4	4	0	0	0
2022	0	2	2	0	0	0
2023	0	5	3	0	0	0
2024	0	4	2	0	0	0
2025	6	7	0			
Total	6	22	11	0	0	0

(IV) Long-term and short-term business development plans

(1) Short-Term Business Development Plan

The Company’s short-term business development strategy focuses on four key pillars: “data-driven operations,” “channel integration and optimization,” “enhancement of customer value,” and “deepening of health services.” The Company will continue to strengthen operational efficiency and market competitiveness through the following specific strategies:

A. Precise Customer Management and Data Application

Analyze customer consumption behavior data to build a comprehensive customer relationship management (CRM) system, introduce segmented customer management and personalized communication mechanisms, strengthen membership management and loyalty reward programs, enhance customer satisfaction and repurchase rates, and optimize customer lifetime value (Customer Lifetime Value, CLV).

B. Omnichannel Integration and Retail Transformation

Continue to promote the OMO (Online Merge Offline) online-offline integration strategy, create a seamless and consistent customer experience, and introduce interactive space design and digital tools to enhance the depth and added value of store services, thereby accelerating the transformation toward smart retail and Retail 4.0.

C. Stable Cash Flow and Customer Stickiness Management

Continue to develop gift certificate and prepaid product strategies, optimize the cash flow management structure, reduce funding costs, and, through membership systems and repurchase mechanisms, strengthen consumption stickiness among core customer groups.

D. Digital Marketing and Cross-Platform Integration

Strengthen the integration of diverse digital marketing platforms, and conduct segmented communication and content marketing through social media platforms such as LINE, Instagram, and Facebook, in order to increase brand exposure, engagement rates, and conversion efficiency, and optimize return on marketing investment (ROMI).

E. Expansion of Corporate Customers and Cross-Industry Cooperation

Expand the corporate group customer and group purchase markets, and develop diversified sales channels through cross-industry cooperation and B2B operating models, in order to reduce the risk of fluctuations in a single retail market and enhance the diversity of revenue sources.

F. Deepening of Foot Health Services

Continue to promote the concept of foot health management, and combine dynamic plantar pressure measurement systems with professional service teams to provide consumers with gait analysis, foot assessments, and personalized product recommendations, thereby strengthening the differentiated advantages of product and service integration.

G. Medical Channel Linkage and Professional Enhancement

Actively expand cooperation with medical and professional channels, enhance professional trust in products through professional endorsement by medical personnel and health education promotion, and promote sales growth of high value-added products.

H. Integration of R&D Capabilities and Product Upgrades

Maintain sound cash flow and a healthy financial structure, conduct asset allocation and investment management within controllable risk parameters, pursue stable returns, and enhance return on equity (ROE).

I. Financial Stability and Capital Utilization Efficiency

The Company will maintain sound cash flow and a healthy financial structure, conduct asset allocation and investment management within controllable risk parameters, pursue stable returns, and enhance return on equity (ROE).

J. Brand Extension and Development of Professional Service Locations

Leverage brand recognition and channel advantages to deepen development of the foot care market, gradually promote the development of the “Foot Health Center” business, and enhance the brand’s professional image and service value.

K. Promotion of Corporate Sustainability and Social Responsibility

Continue to promote corporate social responsibility (CSR) and integrate foundation resources. Centered on the values of “truth, goodness, beauty, and innovation,” promote healthy living and aesthetic education, and strengthen corporate culture and social influence.

L. Cultivation of Key Talent and Strengthening of Organizational Capabilities

Continue to cultivate and retain key talent in R&D and design, digital applications, professional services, and operations management, and strengthen organizational expertise and execution capabilities to support the Company’s continued growth.

(2) Long-Term Business Development Plan

The Company's long-term development strategy centers on "health orientation," "digital transformation," "service upgrading," and "ecosystem deployment," with the aim of gradually building a business system with high added value and sustainable competitiveness:

A. Organizational Transformation and Professional Talent Deployment

Build an organizational structure with innovation and cross-disciplinary integration capabilities; cultivate professional talent in digital technology and healthcare; optimize the remuneration system and career development mechanism; and develop store personnel with advisory service capabilities, thereby comprehensively enhancing organizational competitiveness.

B. Deepening of Corporate Vision and Cross-Disciplinary Development

Use "health, comfort, aesthetics, and innovation" as the core vision, combine health-related issues with consumer demand, promote diversified and cross-disciplinary development, and build an integrated health and lifestyle business landscape.

C. Technological Innovation and Product Upgrading

Continue to invest R&D resources, strengthen functional innovation and material applications for footwear, socks, and leather accessories, and enhance product added value and market competitiveness.

D. Deepening of Smart Stores and Data Applications

Combine physical stores with digital technology to create a smart store environment, integrate foot health measurement, customer data analysis, and personalized service recommendation systems, and enhance the consumer experience and service precision.

E. Medical Technology Integration and Professional Upgrading

Promote the transformation of products into medical devices and the obtaining of professional certifications (e.g., medical device permits). Develop products and services integrated with smart health management, build "Foot Health Centers," and establish strategic alliances with medical institutions to expand into the medical-grade market.

F. Health Ecosystem Development

Use brand trust as the core, integrate products, services, and professional knowledge, and build a health ecosystem centered on foot health. Gradually transform stores into community health care locations, thereby enhancing the brand's social value and customer stickiness.

G. Business Model Upgrading and Supply Chain Optimization

Promote diversified operations and product structure optimization, develop mobile commerce and digital service platforms, and strengthen supply chain integration capabilities. Move toward smart manufacturing and a high-efficiency distribution system to enhance overall operating efficiency.

H. Platform-Based Operations and Service Value Enhancement

Through the business unitization of back-office units and the transformation of services into advisory services, upgrade the Company from a traditional retail channel into an integrated service platform. By combining product sales, professional consultation, and data applications, provide customers with comprehensive lifestyle and health solutions, and establish a professional, trustworthy brand image with sustainable value.

Overall, the Company will use data, technology, and services as its core driving forces to continue promoting product innovation, channel upgrading, and health service integration. Through organizational transformation and ecosystem deployment, the Company will establish an operating model with long-term competitive advantages, respond to industry changes, and create momentum for sustainable corporate growth.

II. Market and sales overview

(I) Market

1. Locations where products (services) are mainly sold (provided)

Unit: NT$ thousand; %

Sales area	2025		2024	
	Amount	Ratio	Amount	Ratio
Domestic market	1,117,949	100.00%	1,136,145	100.00%
Export	0	0.00%	0	0.00%
Total	1,117,949	100.00%	1,136,145	100.00%

(2) Market share

The Company's main sales market is domestic sales in Taiwan, and it operates in the form of a chain channel of leather shoes. For all channels of the Company's brands in Taiwan, the total number of channels is 106 at the end of December 2025. According to the analysis of the number of stores operated by Taiwanese leather shoe chain companies, the number of the Company's stores ranked No. 3, only after Family Shoes and LA NEW.

The tables for number of channels of the leather shoes brand of SHUI-MU and the channel distribution major competing products:

Statistics of brand channels in major shoe stores as of December 31, 2025

	A.S.O	LA NEW	Family Shoes	MACANNA	DK
Number of stores	102	123	152	9	60
Number of department stores/ shopping center	3	10	17	16	2
Number of hypermarket	1	0	0	0	0
Total	106	133	169	25	62

Sources: Statistics from the official brand website of each enterprise on April 1, 2026, Yearbook of Chain Stores in Taiwan, and data compiled by the Company.

(3) Future market supply and demand and growth potential

The Company is mainly engaged in the retail of footwear, which is mainly for the domestic demand market in Taiwan. Therefore, the future supply and demand situation and growth of the market are closely related to the domestic economic environment and domestic sales.

Domestic sales volume (including indirect export sales) and annual growth rate of Taiwan's footwear production

Unit: thousand pairs

Year	Leather footwear	Plastic footwear	Rubber footwear	Total domestic sales	Annual growth rate
2021	1,231	6,161	1,907	9,299	3.44%
2022	885	7,090	2,608	10,583	13.81%
2023	1,095	6,959	1,427	9,481	-10.41%
2024	1,002	6,360	908	8,270	-12.77%
2025	894	5,462	817	7,173	-13.26%

Source: Department of Statistics, MOEA, the product statistics for domestic sales volume of shoemaking, inquired from the industrial production, sales, and inventory movement, March 2026.

According to dynamic data on industrial production, shipments, and inventories published by the Department of Statistics, Ministry of Economic Affairs, domestic production volume for local sales of leather shoes and plastic/rubber footwear was 7,173 thousand pairs in 2025, representing a decline from 8,270 thousand pairs in 2024. This indicates that overall domestic demand in Taiwan’s footwear market has become more conservative, and that the industry is facing challenges from weakening consumption momentum and structural adjustment.

The Company is positioned as an own-brand chain footwear channel operator. It has long adopted “leading fashion trends” and “enhancing wearing comfort” as its core values, and continues to deepen its differentiated brand advantages through enhanced product quality and precision marketing strategies. In recent years, the Company has actively introduced “foot health management” as a key operating focus, extending from a product-oriented model to a service-oriented model. By developing health-promotion-related products and professional services, the Company has built a value system centered on consumers’ foot health, gradually expanded its differentiation from industry peers, and enhanced its overall competitiveness.

Since its establishment more than 70 years ago, the Company has upheld the business philosophy of “insisting on building Taiwan’s best footwear brand,” and has accumulated a strong brand reputation and customer base over the long term. Since entering a stage of growth and expansion in 2002, the Company has, in recent years, actively promoted operational transformation in response to market changes, moving toward the development direction of “integrated health and lifestyle services.” With “health, comfort, aesthetics, and innovation” as the core of its corporate vision, the Company combines product R&D, service design, and cross-disciplinary resource integration to gradually build a diversified lifestyle business landscape.

In terms of channel strategy, the Company continues to strengthen the experience value of physical stores, introduces Internet of Things (IoT) applications and smart retail technologies, and creates smart store environments to enhance customer experience and service efficiency. At the same time, by integrating internal and external big data resources, the Company provides personalized foot health consultation and solutions through consumer behavior analysis and precise segmentation, thereby deepening customer relationship management.

In addition, through the business unitization of back-office functions and the professionalization of frontline service consultants, the Company has gradually transformed from a traditional retail channel into an “integrated service platform” combining product sales, professional consultation, and data applications. Going forward, the Company will continue to deepen its knowledge-based, value-added services, upgrading from a single-product sales model to a consumer-centered provider of lifestyle and health solutions. This will further strengthen the brand’s professional image and market reputation, and enhance the Company’s long-term value.

(4) Competitive edges

Store expansion ability:

The Company continues to focus on its core business. All stores are operated under leased premises to maintain a high degree of operational flexibility and facilitate rapid responses to changes in business district structures and shifts in consumer traffic flows. Through a professional store expansion team, combined with big data on business districts, demographic structure, and consumer behavior analysis models, the Company continues to optimize its decision-making mechanism for store location deployment.

In 2025, the Company further introduced data-driven site-selection evaluation tools and dynamic business-district monitoring mechanisms, upgrading store expansion decisions from experience-based to data-driven. This enables the Company to adjust product portfolios and service configurations in real time based on the characteristics of each business district, thereby improving single-store operating efficiency and overall return on investment.

Strengthening Product Competitiveness, Brand Marketing Capabilities, and Consumer Communication

The Company continues to deepen its brand equity and strengthen its two-way communication mechanism with consumers, with “quality trust” and “health value” serving as the core of the brand. Building on its existing brand communication foundation, in 2025 the Company further integrated content marketing, digital media, and membership management to build a brand communication platform centered on “foot health.”

In recent years, the Company has gradually transformed from emotional marketing to a “data-driven + scenario-based service” model. Through foot measurement data, member behavior analysis, and health management records, the Company provides personalized communication and precision marketing to enhance customer lifetime value (CLV).

In 2025, the ASO Foot Health Center continued to deepen its brand positioning by integrating nail care services, foot assessments, preventive healthcare, and medical-grade products, strengthening its one-stop health service capabilities. Through online-offline integration (OMO) and social media interaction, it also enhanced brand stickiness and service penetration.

Deepening of the Foot Health Industry and Integration of Medical Technology

In 2025, the Company continued to expand the depth of foot health applications in the medical and long-term care fields, deepen its cooperation foundation with medical institutions, and promote the standardization of clinical applications of foot measurement data. Building on its existing experience in cooperation with medical institutions, the Company further expanded into application areas such as chronic disease care, gait correction, and rehabilitation aids.

At the same time, the Company continued to optimize the operating loop of “foot measurement data → health analysis → products and services,” and introduced AI algorithms for gait interpretation and health risk prediction. This enhanced service precision and professional barriers, and gradually established technological and data barriers that are difficult for competitors to replicate.

In terms of channel development, the Company continued to upgrade locations and plan store expansion centered on the Foot Health Center, combining medical resources, health management, and smart retail to redefine stores as “health service touchpoints.”

Integration of Industry, Government, Academia, and Research and Technological Development

The Company continues to deepen its industry-government-academia-research cooperation mechanism, integrate R&D resources and clinical expertise, and strengthen product innovation capabilities. Leveraging its accumulated foot measurement big data and R&D experience over the years, in 2025, the Company continued to promote the development of customized insoles, functional footwear, and health aids.

By working with medical advisory teams and research institutions, the Company continued to optimize gait analysis technologies and measurement models, improving the scientific basis and precision of its products and services, and gradually moving toward becoming a provider of integrated health promotion solutions.

Real-Time Response in Marketing Management and Data-Driven Decision-Making

The Company continues to strengthen its operational data governance capabilities, using a daily performance management system and real-time operational dashboards to monitor sales performance across all channels. In 2025, the Company further deepened its use of business intelligence (BI), integrating and analyzing product sales, inventory structure, and customer behavior using Microsoft Power Platform and Power BI.

The Company also continued to optimize its CRM system, using member segmentation, consumer journey analysis, and precision marketing tools to improve the effectiveness of marketing activities and customer conversion rates. Business units can also adjust product allocation and promotional strategies in real time based on data analysis results, thereby improving operational agility.

As of 2025, the Company continued to maintain a direct-operated channel with more than 100 stores across Taiwan and promoted differentiated operating strategies tailored to the characteristics of local business districts to strengthen local connections and service depth.

Innovative Product Procurement and Inventory Management

The Company continues to optimize its product procurement and inventory management mechanisms, using data forecasting and a product grading system to precisely control procurement volume and structure. By combining local manufacturing advantages with a flexible replenishment mechanism and introducing a regional rapid-delivery model, the Company effectively reduces inventory pressure and stockout risk.

In 2025, the Company further introduced smart replenishment and demand forecasting models to improve inventory turnover efficiency and capital utilization effectiveness, achieving the operating objectives of "improving sell-through rates, reducing inventory risks, and optimizing capital efficiency."

Product Innovation and R&D Capabilities

The Company continues to strengthen its medical-grade product R&D and product upgrade capabilities. The ASO+ product system has gradually expanded into the field of holistic health, covering diverse product lines such as footwear, insoles, socks, and protective gear.

Through the Dynamic Plantar Pressure Measurement System developed in cooperation with the Industrial Technology Research Institute and medical teams, a large volume of foot-measurement data has been accumulated as of 2025 and continues to be applied to product design and service optimization.

In terms of service model, the Company continues to strengthen the complete service process of "pre-sales consultation – in-sales measurement – after-sales follow-up," enhancing customer experience and product value while further consolidating its leading position in smart healthcare and health technology.

Supply Chain Management and Logistics Efficiency

The Company continues to deepen collaborative supply chain management by assisting suppliers in process optimization, digitalization, and standardization, thereby improving overall supply chain efficiency and quality stability.

The Company's supply chain structure is diversified and flexible, which supports rapid responses to market trends and changes in product demand.

In logistics management, the Company continues to optimize its third-party logistics system. Through systematic and standardized management, the Company effectively improves delivery accuracy and timeliness. In 2025, the overall delivery accuracy to stores remained high, supporting front-end sales momentum.

Professional Management Team

The Company's management team has extensive experience in the footwear industry and channel management, with core members generally possessing more than 20 years of industry experience. In 2025, the Company continued to strengthen cross-disciplinary integration capabilities across areas including retail, medical services, data, and supply chain management.

Under the leadership of its professional team, the Company will continue to deepen its core competitiveness, promote digital transformation and deployment in the healthcare industry, and steadily enhance long-term corporate value.

(5) Positive and negative factors for future development, and the company's response to such factors.

Positive factors

Stable Brand Reputation and Long-Accumulated Market Recognition

Brand image represents a company's quality commitment to the market and consumers, and is also a concrete reflection of long-term operating results. When purchasing products, consumers generally tend to trust brands with a positive image, consistent quality, and a comprehensive service system.

Since its establishment, the Company has consistently upheld a practical and prudent operating approach, remained focused on customer needs, and adopted the three-win philosophy of "customer satisfaction, employee willingness, and corporate pride" as its operating foundation. By continuously providing sincere, professional, and warm services, the Company has earned long-term recognition and trust from consumers. Leveraging years of accumulated brand equity and market reputation, the Company has established a stable brand image and has received various brand-related recognitions, which positively support its market competitiveness and customer loyalty.

Deepened Online-Offline Channel Integration and Strengthened Omnichannel Synergies

The Company has a comprehensive physical sales network across Taiwan and continues to operate digital touchpoints, including its proprietary e-commerce platform, LINE official account, and Facebook fan page, gradually building a complete OMO (Online Merge Offline) omnichannel service framework.

Through online-offline channel integration, the Company provides consumers with real-time product information, online consultation services, member interactions, and diverse shopping scenarios, thereby enhancing shopping convenience and the overall customer experience. Through member publications, content marketing, and digital communication mechanisms, the Company continues to deepen brand recognition and customer stickiness. This enables physical channel experiences and digital operating benefits to support each other, generates channel integration synergies, and further enhances the Company's competitive advantages.

Multi-Brand, Multi-Channel, and Health Promotion Deployment to Support Growth Momentum

The Company continues to focus on footwear, leather goods, and accessories as its main development pillars, and meets the consumption needs of different customer segments through a multi-brand and multi-channel operating model, thereby expanding market coverage. In addition to the steady operation of existing brands, the Company continues to promote diversified brand and product deployment oriented toward younger consumers, lifestyle positioning, and health promotion, in order to enhance overall operational flexibility and profitability structure.

In 2025, the Company continued to deepen its operating model for foot health promotion. By combining the Group's brand resources, product development capabilities, and channel advantages, the Company actively expanded differentiated market positioning to strengthen portfolio benefits across brands, broaden the customer base, and enhance overall revenue and profit growth momentum.

Unfavorable Factors and Response Measures

Talent Development in the Retail and Distribution Industry Is Challenging, and Frontline Staff Turnover Is Relatively High

Due to the nature of frontline retail service work, including flexible shift scheduling, dispersed working hours, and intensive customer service requirements, the retail industry generally faces challenges in talent development and relatively high turnover rates. This presents certain risks to stable store operations and the maintenance of service quality.

Response Measures:

a. Continue to Deepen the Responsibility Center System and Enhance the Operating Efficiency of Individual Stores and Back-Office Functions

The Company continues to promote the responsibility center system at each store and counter. Through individual store profit and loss estimates and management of operating indicators, the Company enhances store managers' operating awareness and management perspective, enabling them not only to possess sales capabilities, but also to strengthen comprehensive capabilities in personnel management, expense control, business district management, and customer service management. By combining education and training with the performance system, the Company improves individual store operating performance and, through a profit-sharing incentive mechanism, shares operating results between the Company and employees.

The head division's back-office units also continue to introduce the responsibility center concept. The manpower and time costs invested by departments are verified and managed through performance indicators to strengthen the effectiveness of support and the service value of back-office departments.

b. Improve Career Development and Employee Welfare Systems to Enhance Talent Retention

The Company has established a career development framework for employees on the sales frontline and at the head division. Through annual appraisals, competency training, and promotion evaluation systems, the Company provides clear promotion channels and growth direction. In particular, for sales management talent, the Company continues to plan managerial competency courses to cultivate reserve managers with an operating perspective.

In addition, the Company values employees' rights and interests and the quality of the working environment. In addition to handling various insurance programs and pension contributions in accordance with the law, the Company continues to provide welfare measures such as employee trips, footwear purchase discounts, uniforms, and birthday leave. At the same time, through health promotion activities and stress-relief facilities, the Company creates a positive, stable, and supportive working environment to enhance employee cohesion and retention.

Rent in Major Business Districts Continues to Rise, Increasing Pressure on Operating Costs

The Company's stores are primarily street-front stores. In recent years, as overall prices and commercial real estate rents have increased, rental costs in major business districts have been on an upward trend, creating pressure on store profitability structures and store expansion costs.

Response Measures:

a. Maintain a Flexible Store Expansion Strategy and Seek Alternative Locations in the Same Business District When Appropriate

The Company's store formats are relatively compact, providing flexibility in terms of required floor space. When the rent increase for an existing store is relatively high, the Company may assess business district conditions and operating benefits and, when appropriate, seek an alternative location within the same business district for relocation to maintain reasonable rent levels and operating efficiency.

b. Establish Long-Term and Stable Cooperative Relationships with Landlords

Most of the Company’s stores maintain long-term and stable cooperative relationships with landlords. Leveraging its brand reputation, quality services, and locally rooted image, the Company has gained the recognition and support of most landlords. When selecting store locations, the Company also emphasizes the counterparty's willingness to cooperate over the long term to strengthen the stability of leasing relationships.

c. Adopt Medium- to Long-Term Lease Models to Reduce Rental Fluctuation Risk

New leases and lease renewals are generally based on medium- to long-term lease terms. By maintaining stable cooperation conditions, the Company strengthens its bargaining position, thereby reducing the impact of sharp short-term fluctuations in rental rates on operations.

d. Strengthen Rental Structure and Store Profit/Loss Management

Each business unit regularly reviews the profit/loss performance, rent ratio, and changes in business districts for stores across Taiwan. Through data analysis and operational simulations, the Company evaluates at an early stage which stores should be adjusted, renewed, or relocated to ensure the effective allocation of store resources.

e. Continue to Track Business District Dynamics and Market Rental Information

The Company has designated a dedicated unit to regularly track rental trends in business districts, store vacancy rates, competitor dynamics, and macroeconomic changes. Such information serves as the basis for store expansion and lease renewal decisions, thereby improving the accuracy of site selection and rental risk control capabilities.

Taiwan’s Retail Market Is Becoming Mature, and Industry Competition Continues to Intensify

With the widespread adoption of e-commerce and lower barriers to online transactions, new brands are entering the market at a faster pace. Existing footwear brands and agents are also continuing to expand into new brands, new channels, and new store locations. As a result, market competition has intensified, placing pressure on the Company regarding customer acquisition, product differentiation, and channel management.

Response Measures:

In response to the increasingly competitive environment, the Company will continue to invest in product R&D, design innovation, and functional upgrades. By focusing on the core positioning of health, comfort, and foot health promotion, the Company aims to avoid the highly homogeneous red ocean market and strengthen its differentiated competitive advantages.

In 2025, the Company will continue to focus on “foot health promotion” as its main development direction, develop functional products and health management services with added value, and upgrade its next-generation stores to provide professional foot health consultation, foot measurement experiences, and personalized solutions, thereby enhancing store service value and customer stickiness.

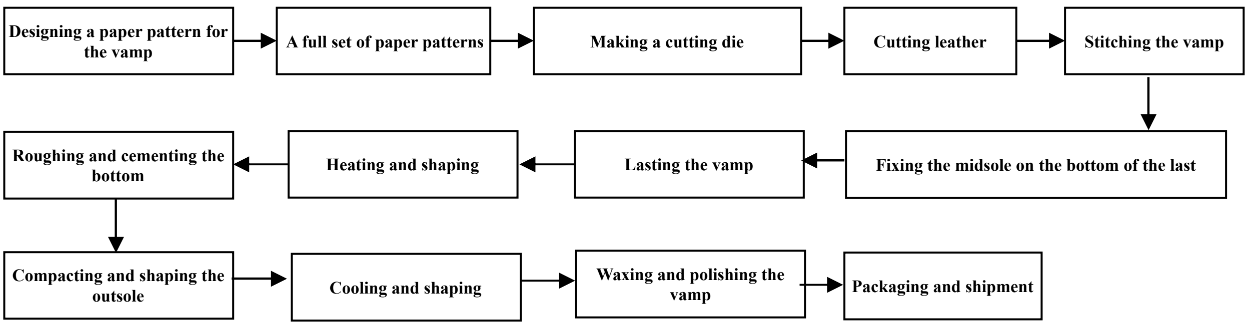
At the same time, the Company will accelerate the development of its proprietary e-commerce platform and digital membership management, and use big data analytics, AI applications, and precision marketing tools to provide customized service content, strengthening online-offline channel integration and brand value communication. The Company will also continue to advance its connections with the medical care industry, deepen the extension of the foot measurement data value chain across health management, medical applications, and care services, and gradually establish a competitive model with professional barriers and long-term growth potential.

(2) Usage of major products and manufacturing processes

(1) Main usage of products

Main products	Usages
Footwear	In addition to satisfying customers' needs of guarding coldness, keeping warm, and other basic demands, it also relieves foot stress, prevents foot pain, increases comfort, as well as demonstrate the creativity, fashion, and special shoe functions.
Leather goods	In addition to satisfying the function of carrying various large and small items for customers, it also has functions, fashionable creation, and demonstration of unique personal style.
Complementary products	That is the daily necessities such as socks, slippers, underwear, umbrellas, among other things, not only meeting the general purpose, but also providing more high-quality and considerate design and functions.

(2) Manufacturing processes for the main products



(3) The supply of main products:

The Company mainly operates footwear retail channels, focusing on product development and brand management. It engages professional suppliers to produce and manufacture products, and cooperates with major suppliers for a long time. The suppliers’ sources of supply and delivery time are stable, with reasonable prices, and the quality has reached the spec standard required by the Company; the two parties have established good and stable supply relationships.

(IV) Explanation of the reasons for the increase and decrease of major purchase from suppliers and sales to customers in the most recent two years:

(1) Names of the suppliers accounting for more than 10% of the net purchase amount in any of the recent two years, the purchase amount and ratio, as well as the reason for its increase or decrease:

During the recent two years, the Company's purchases from a single supplier has not accounted for more than 10% of the net purchases.

(2) Names of the customers accounting for more than 10% of the net sales amount in any of the recent two years, the sales amount and ratio, as well as the reason for its increase or decrease:

During the recent two years, the Company's sales to a single customer has not accounted for more than 10% of the net purchases.

(V) Table of production volume and value in the most recent two years

The Company is in the trading and retailing industry, and this table is not applicable.

III. Employees

Number of employees, average years of service, average age, and educational background distribution ratios for the most recent two years and as of the date of the annual report printing:

Unit: person; %

Year		2024	2025	May 15, 2026
Number of employees	Store sales	304	315	314
	Administrative personnel	12	21	31
	General personnel	65	55	58
	Total	381	391	403
Average age		43	37.7	38.2
Average years of service		11.1	9.8	9.8
Education distribution (%)	Doctorate	0%	0.26%	0%
	Master’s	2.62%	2.04%	2.73%
	University/college	51.97%	48.1%	49.63%
	High School	43.57%	47.8%	45.90%
	Below High School	1.84%	1.8%	1.74%

IV. Disbursements for environmental protection:

Any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in environmental inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided:

1. According to laws and regulations if it is required to apply for a permit for installing anti-pollution facilities, or permit of pollution drainage, or to pay anti-pollution fees, or to organize

and set up an exclusively responsible unit/office for environmental issues, the description of the status of such applications, payment or establishment shall be made:

2. Setting forth the Company's investment on the major anti-pollution facilities, the use purpose of such facilities and the possible effects to be produced:

3. In the most recent two years and up until the publication of the annual report, in the process of environmental pollution improvements, any disputes arising and an explanation of the handling procedure adopted: Not applicable.

4. Any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in environmental inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided:

5. Explaining the current condition of pollution and the impact of its improvement to the profits, competitive position and capital expenditures of the Company, as well as the projected major environment-related capital expenses to be made for the coming two (2) fiscal years: N/A.

V. Employer and employee relationships

(I) Availability and execution of employee welfare, education, training and retirement policies. Elaborate on the agreements made between employers and employees, and the protection of employees' rights.

1. Employee benefit measures and implementation thereof

The welfare measures provided by the Company: annual performance appraisal bonus, talent recommendation bonus, wedding and funeral subsidies, gift certificates/gift money for three festivals, year-end party, employee activities organized by the Employee Welfare Committee, labor/ national health insurance, group insurance, pension contribution, employee shoe-buying discounts, employee uniforms & shoes, domestic and foreign travel, among other things.

2. Personnel's continuing education and training, and implementation there of

The Company insists the founder's multi-talent development strategy, integrates resources from industry, government, and academy to conduct various digital and in person training programs according to the professional and management function model, including orientations, professional and management functions training, training for management at all levels, and planning the successor development programs in line with organizational development needs, with a talent evaluation center; meanwhile the external digital learning platform is introduced to advance with the time, for providing the online leadership management and more diversified professional courses.

3. Retirement system and implementation status

According to the Labor Pension Act, the Company contributes no less than 6% of the employee's monthly salary to the labor pension account every month, and the retirement-related matters are handled pursuant to the Labor Pension Act.

4. Labor-management agreement

The Company's various regulations comply with the Labor Standards Act. Up to now, the relationship between labor and management has been harmonious, and there has been no mediation due to labor disputes.

5. Measures to protect employees' rights and interests:

The Company has formulated various management measures, specifying the rights and obligations of employees and welfare items, which are regularly reviewed and amended for the welfare items to protect the rights and interests of all employees.

(II) Losses arising as a result of employment disputes in the last year up until the publication date of this annual report. Please quantify the estimated losses and state any responsive actions, and state the reasons if losses can not be reasonably estimated: none.

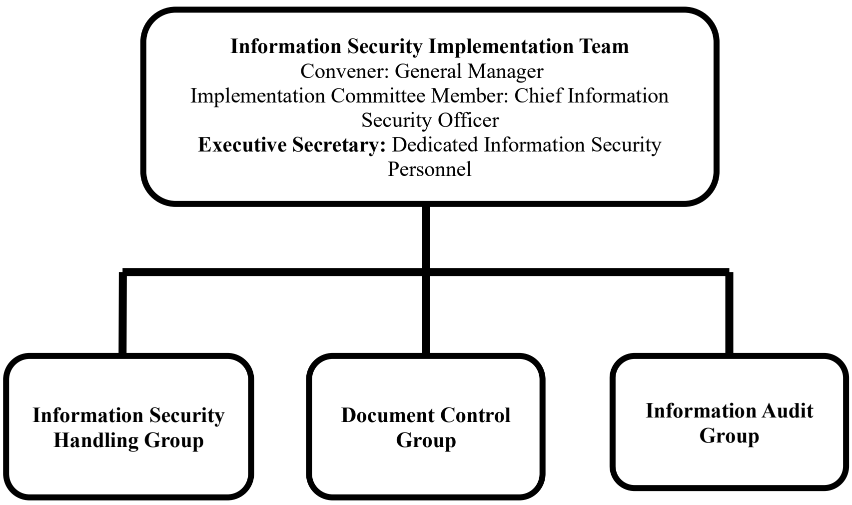
VI. Cybersecurity Security Management

(I) Describe the information security risk management framework, information security policy, specific management plans, and resources invested in information security management.

1. Information Security Organizational Structure

The Company formally established the Information Security Task Force in May 2025, with the Information Department serving as the unit responsible for information security. The Information Department coordinates the formulation of Company-wide information security policies, system planning, risk assessment, monitoring and management, and implementation of protective measures. The organizational structure includes a Chief Information Security Officer, an information systems supervisor, and dedicated information security personnel, with clearly defined authorities and responsibilities for implementing the information security management system. In addition, the Audit Office serves as the internal audit unit for information security oversight. It regularly conducts information security audits in accordance with the internal control system and follows up on improvement status to strengthen the governance mechanism.

The Company obtained ISO/IEC 27001 Information Security Management System (ISMS) certification in October 2025, with TAF accreditation, demonstrating that the Company's information security management system complies with international standards. The Company continues to enhance its information security protection capabilities through institutionalized management mechanisms.



2. 2.Information Security Policy

To ensure the confidentiality, integrity, and availability of information assets, and to strengthen information security governance and risk management mechanisms, the Company has established the following information security policies in accordance with the spirit of the ISO/IEC 27001 Information Security Management System (ISMS):

(1) Establish an information security management system and implement information security governance and internal control mechanisms.

(2) Strengthen access control and authorization management for information assets to ensure data security and compliance in use.

(3) Conduct regular information security risk assessments and vulnerability management to reduce information security risks.

(4) Establish data backup and business continuity management mechanisms to ensure uninterrupted operations.

(5) Comply with applicable laws and regulations, such as the Personal Data Protection Act, to ensure regulatory compliance.

(6) Promote information security education, training, and awareness initiatives to enhance information security awareness among all employees.

(7) Continuously monitor and improve information security management measures to enhance overall information security protection capabilities.

3. Information Security Management Objectives and Implementation Measures

(1) User's access authority management: Different users' access authorities are given according to the safety grade, in order to effectively reduce external threats and improve information security.

(2) Security management of the authority of access to the operating system: The Company installs the operating system according to the Company's regulations and integrates it into the Company's domain for centralized management. The Company installs anti-virus software on its servers and computers, and updates and downloads the latest scanning engine and virus definitions regularly. The Company also conducts vulnerability tests on its servers and computers on a regular basis. Implement the measures for regular update of the password of user accounts.

(3) Application software security management: The software purchased and applied is licensed properly. Meanwhile, the Company also complies with the intellectual property rights laws and regulations and maintains a list therefor for management. The user of the software is allowed to install and access the software included in the list only upon approval. Meanwhile, the Company also implements multi-level information security measures, such as firewalls, endpoint security protection, and encryption technology to protect the corporate network and information system.

(4) Management of network communication security: When confidential or sensitive data and documents are intended to be transmitted by email, they shall be processed using the security technology, such as encryption or electronic signature. The network applications of external remote access (such

as VPN and FTP, etc.) shall be granted only upon request and also subject to review by the information unit and approval by the supervisor.

(5) Backup management: The Company prepares the complete data backup and disaster recovery plans to ensure that important business data are properly stored and that the system can restore operations in case of a system failure or information security incident, thereby mitigating the risk over business interruption.

Asset management: The information and communication equipment related to the control room and personal computers are numbered for management and counted regularly.

4. Information security topic education and training

In order to improve the information security awareness of employees, the Company regularly organizes information security education and training for employees to enhance their knowledge of information security risks such as social engineering attacks, malicious software, and data protection, and ensure the implementation of information security concepts in routine operations.

5. Disclosure of Information Security Incidents in 2025

In 2025, the Company did not experience any material information security incidents, nor were there any material operational disruptions, financial losses, or customer data leaks caused by information security incidents. In the event of an information security incident, the Company handles the matter in accordance with its established information security incident reporting and response procedures, and activates incident investigation, reporting, and improvement mechanisms to reduce risk impacts and strengthen protection capabilities.

VI. Major contracts

Contract nature	Parties involved	Contract start and end dates	Main details	Restrictive clauses
Borrowing contract	Bank of Kaohsiung	2026/01~2027/01	Performance bond of gift certificates Short-term lending	None

Personnel training courses in 2025

Category	Starting date	Ending date	Category	Training topic	Target attendees	Categories	Total attendees	Training hours (hour)	Attendees x training hours
remote	1/9	1/9	Fundamental training	Remote orientation training	Store sales	Sales	6	12:30-15:30	3
remote	2/11	2/11	Fundamental training	Remote orientation training	Store sales	Sales	5	12:30-15:30	3
Physical	2/20	2/20	Operation discussion	Spring/Summer new product launch and national store manager sales meeting for 2025Q2	Director/ Department Head/ National Store Manager/ Representative	Sales Head division	120	10:00-17:00	7
remote	3/5	3/5	Fundamental training	Remote orientation training	Store sales	Sales	12	12:30-15:30	3
Physical	3/11	3/11	Professional training	Spring/Summer New Product Sales Training	Deputy store managers nationwide and full-time store sales personnel	Sales	53	10:00-18:00	7
Physical	3/12	3/12	Professional training	Spring/Summer New Product Sales Training	Deputy store managers nationwide and full-time store sales personnel	Sales	50	10:00-18:00	7
Physical	3/17	3/17	Professional training	Spring/Summer New Product Sales Training	Deputy store managers nationwide and full-time store sales personnel	Sales	44	10:00-18:00	7
Physical	3/18	3/18	Professional training	Spring/Summer New Product Sales Training	Deputy store managers nationwide and full-time store sales personnel	Sales	37	10:00-18:00	7
Physical	4/9	4/9	Fundamental training	The 38th Product and Service Certification Program	Store sales	Sales Head division	15	10:00-18:00	7
Physical	4/10	4/10	Professional training	Team-Building Training Program	Deputy store managers nationwide	Sales	38	10:00-18:00	7
Physical	4/16	4/16	Professional training	Team-Building Training Program	Deputy store managers nationwide	Sales	41	10:00-18:00	7
remote	4/17	4/17	Fundamental training	Remote orientation training	Store sales	Sales	5	12:30-15:30	3
Physical	5/1	5/1	Fundamental training	The 39th Product and Service Certification Program	Store sales	Sales Head division	19	10:00-18:00	7
remote	5/7	5/7	Fundamental training	Remote orientation training	Store sales	Sales	3	12:30-15:30	3
Online	6/5	6/5	Fundamental training	Remote orientation training	Store sales	Sales	18	12:30-15:30	3
Physical	6/12	6/12	Operation discussion	Spring/Summer new product launch and national store manager sales meeting for 2025Q3	Director/ Department Head/ National Store Manager/ Representative	Sales Head division	122	10:00-18:00	7
Physical	6/17	6/17	Fundamental training	The 39th Product and Service Certification Program	Store sales	Sales Head division	19	10:00-18:00	7
remote	7/22	7/22	Fundamental training	Remote orientation training	Store sales	Sales	17	12:30-15:30	3

Category	Starting date	Ending date	Category	Training topic	Target attendees	Categories	Total attendees	Training hours (hour)	Attendees x training hours
Physical	8/14	8/14	Professional training	Short-Form Video Workshop	Designated trainees	Sales Head division	30	10:00-18:00	7
Online	8/19	8/19	Fundamental training	Remote orientation training	Store sales	Sales	9	12:30-15:30	3
hybrid	8/28	8/28	Professional training	Enhancing Retail Operational Performance Through AI-Driven Data	Designated trainees at headquarters	Head division	46	09:30-6:30	6
Online	9/2	9/2	Operation discussion	Spring/Summer new product launch and national store manager sales meeting for 2025Q4	Director/ Department Head/ National Store Manager/ Representative	Sales Head division	126	10:00-18:00	7
hybrid	9/4	9/4	Professional training	Enhancing Retail Operational Performance Through AI-Driven Data	Designated trainees at headquarters	Head division	46	09:30-6:30	6
Physical	9/17	9/17	Professional training	Fall/Winter New Product Sales Training	Deputy store managers, full-time store personnel, and full-time foot health care specialists (designated)	Sales	50	10:00-18:00	7
Physical	9/18	9/18	Professional training	Fall/Winter New Product Sales Training	Deputy store managers, full-time store personnel, and full-time foot health care specialists (designated)	Sales	48	10:00-18:00	7
Physical	9/24	9/24	Professional training	Fall/Winter New Product Sales Training	Deputy store managers, full-time store personnel, and full-time foot health care specialists (designated)	Sales	49	10:00-18:00	7
Physical	9/25	9/25	Professional training	Fall/Winter New Product Sales Training	Deputy store managers, full-time store personnel, and full-time foot health care specialists (designated)	Sales	38	10:00-18:00	7
Online	9/23	9/23	Fundamental training	Remote orientation training	Store sales	Sales	10	12:30-15:30	3
Online	10/1	10/1	Professional training	Enhancing Retail Operational Performance Through AI-Driven Data	Designated trainees at headquarters	Head division	46	09:30-6:30	6
Online	10/2	10/2	Professional training	Driving Instant Sales Results with Consultative Selling	Director/ Department Head/ Associate Store Managerr/ Associate Store Manager	Sales Head division	57	10:00-18:00	7
Online	10/8	10/8	Professional training	Driving Instant Sales Results with Consultative Selling	Director/ Department Head/ Associate Store Managerr/ Associate Store Manager	Sales Head division	32	10:00-18:00	7
Online	10/14	10/14	Fundamental training	Remote orientation training	Store sales	Sales	8	12:30-15:30	3
Physical	10/23	10/23	Fundamental training	The 40th Product and Service Certification Program	Store sales	Sales Head division	21	10:00-18:00	7
Online	11/19	11/19	Fundamental training	Remote orientation training	Store sales	Sales	4	12:30-15:30	3

Category	Starting date	Ending date	Category	Training topic	Target attendees	Categories	Total attendees	Training hours (hour)	Attendees x training hours
Physical	12/2	12/2	Promotion Training	12th Assistant Store Manager Training Program	Store sales	Sales	22	10:00-18:00	7
Physical	12/11	12/11	Promotion Training	12th Assistant Store Manager Trainee Evaluation	Store sales	Sales	22	Cohort Scheduling	3
Online	12/10	12/10	Fundamental training	Remote orientation training	Store sales	Sales	5	12:30-15:30	3
Physical	12/18	12/18	Fundamental training	The 41th Product and Service Certification Program	Store sales	Sales Head division	15	10:00-18:00	7

In 2025, our company's Industrial held 8,522hours of training for its employees (1308 person-times), with an average of 6.51 hours per person. Please refer to the table below for the company's education and training statistics.

Statistics of our company's employee training in 2025

Training Type	New			Professional			developing		
Internal training classification	Total attendees	Training hours	Total Training hours	Total attendees	Training hours	Total Training hours	Total attendees	Training hours	Total Training hours
New recruits	102	3	306						
Business Registration Certificate Class	89	7	623						
Spring/Summer New Product Sales Training				184	7	1,288			
Fall/Winter New Product Sales Training				185	7	1,295			
Team-Building Training Program				79	7	553			
Short-Form Video Workshop				30	7	210			
Enhancing Retail Operational Performance Through AI-Driven Data				138	6	828			
Driving Instant Sales Results with Consultative Selling				89	7	623			
Business Management Seminar							368	7	2,576
Assistant Store Manager Training Program							22	7	154
Assistant Store Manager Trainee Evaluation							22	3	66
Total	191	10	929	705	41	4,797	412	17	2,796

Five. Review and Analysis of Overview of Finance and Financial Performance, and Risk Management

I. Financial status

1. Comparison and analysis for financial position- IFRS (consolidate)

Unit: NT$ thousand; %

Year / Item	2025	2024	Amount of differences	% of difference
Current assets	775,516	855,130	(79,614)	-9.31%
Property, plant and equipment	270,508	284,471	(13,963)	-4.91%
Intangible assets	17,223	21,706	(4,483)	-20.65%
Other non-current assets	534,084	551,183	(17,099)	-3.10%
Total assets	1,597,331	1,712,490	(115,159)	-6.72%
Current liabilities	615,927	630,470	(14,543)	-2.31%
Non-current liabilities	314,439	304,307	10,132	3.33%
Total liabilities	930,366	934,777	(4,411)	-0.47%
Share capital	668,000	668,000	0	0.00%
Additional paid-in capital	96,222	331,289	(235,067)	-70.96%
Retained earnings	(97,257)	(221,707)	124,450	-56.13%
Other equity	0	0	0	0.00%
Shareholders' equity	666,965	777,713	(110,748)	-14.24%
Description of material changes (increase or decrease of two consecutive period is greater than 20%, and the amount of change exceeds NT$10 million)： 1.Capital surplus decreased by NT$235,067 thousand, mainly due to the offset of accumulated losses of NT$221,707 thousand and cash distribution of NT$13,360 thousand. 2.Retained earnings increased by NT$124,450 thousand, mainly due to the offset of accumulated losses of NT$221,707 thousand using capital surplus, offset by a net loss of NT$97,257 thousand for the current period.				

2. Comparison and analysis for financial position- IFRS (parent-only)

Unit: NT$ thousand; %

Year / Item	2025	2024	Amount of differences	% of difference
Current assets	776,847	852,996	(76,149)	-8.93%
Investment under equity method	1,998	5,490	(3,492)	-63.61%
Property, plant and equipment	270,508	284,471	(13,963)	-4.91%
Intangible assets	15,580	19,125	(3,545)	-18.54%
Other non-current assets	531,312	548,258	(16,946)	-3.09%
Total assets	1,596,245	1,710,340	(114,095)	-6.67%
Current liabilities	615,238	629,429	(14,191)	-2.25%
Non-current liabilities	314,042	303,329	10,713	3.53%
Total liabilities	929,280	932,758	(3,478)	-0.37%
Share capital	668,000	668,000	0	0.00%
Additional paid-in capital	96,222	331,289	(235,067)	-70.96%
Retained earnings	(97,257)	(221,707)	124,450	-56.13%
Other equity	0	0	0	0.00%
Shareholders’ equity	666,965	777,582	(110,617)	-14.23%

Description of material changes (increase or decrease of two consecutive period is greater than 20%, and the amount of change exceeds NT$10 million)：

1.Capital surplus decreased by NT$235,067 thousand, mainly due to the offset of accumulated losses of NT$221,707 thousand and cash distribution of NT$13,360 thousand.

2.Retained earnings increased by NT$124,450 thousand, mainly due to the offset of accumulated losses of NT$221,707 thousand using capital surplus, offset by a net loss of NT$97,257 thousand for the current period.

II. Financial performance

1. Description of material changes in operating revenue, net operating profit, and net income before tax in the most recent two years

International Financial Reporting Standards (consolidated)

Unit: NT$ thousand; %

Item \ Year	2025	2024	Increase (decrease)	Deviation percentage (%)
Net operating income	1,117,949	1,136,445	(18,496)	-1.63%
Operating cost	486,169	515,155	(28,986)	-5.63%
Operating gross profit	631,780	621,290	10,490	1.69%
Operating expenses	741,325	692,810	48,515	7.00%
Net operating loss	(109,545)	(71,520)	(38,025)	53.17%
Other revenue and expenses	12,285	23,039	(10,754)	-46.68%
Net loss before tax	(97,260)	(48,481)	(48,779)	100.61%

Description of material changes in operating revenue, net operating profit, and net income before tax in the most recent two years (increase or decrease of two consecutive period is greater than 20%, and the amount of change exceeds NT$10 million):

1.Operating loss:

Operating revenue for the current period decreased by NT$18,496 thousand compared to the prior year, mainly due to a decline in project-based customer sales and reduced promotional sales events.

Operating expenses increased by NT$48,515 thousand compared to the prior year, primarily attributable to higher personnel costs resulting from adjustments to minimum wages, as well as increased expenses for membership promotional gifts, advertising, and marketing activities aimed at boosting store traffic and brand exposure.

As a result, operating loss increased by NT$38,390 thousand compared to the prior year.

2.Non-operating income and expenses:

Non-operating income and expenses decreased by NT$10,754 thousand compared to the prior year, mainly due to increased foreign exchange losses and losses on disposal of property, plant and equipment arising from store closures, as well as the absence of a one-time gain from disposal of investment recognized in the prior year following the liquidation of a subsidiary.

3.Loss before income tax:

In aggregate, loss before income tax increased by NT$48,779 thousand compared to the prior year

2. Description of material changes in operating revenue, net operating profit, and net income before tax in the most recent two years

International Financial Reporting Standards (parent-only)

Unit: NT$ thousand; %

Item \ Year	2025	2024	Increase (decrease)	Deviation percentage (%)
Net operating income	1,117,949	1,136,445	(18,496)	-1.63%
Operating cost	486,101	514,579	(28,478)	-5.53%
Operating gross profit	631,848	621,866	9,982	1.61%
Operating expenses	739,925	691,553	48,372	6.99%
Net operating loss	(108,077)	(69,687)	(38,390)	55.09%
Other revenue and expenses	10,820	21,207	(10,387)	-48.98%
Net loss before tax	(97,257)	(48,480)	(48,777)	100.61%

Description of material changes in operating revenue, net operating profit, and net income before tax in the most recent two years (increase or decrease of two consecutive period is greater than 20%, and the amount of change exceeds NT$10 million):

1.Operating loss:

Operating revenue for the current period decreased by NT$18,496 thousand compared to the prior year, mainly due to a decline in project-based customer sales and reduced promotional sales events.

Operating expenses increased by NT$48,372 thousand compared to the prior year, primarily attributable to higher personnel costs resulting from adjustments to minimum wages, as well as increased expenses for membership promotional gifts, advertising, and marketing activities aimed at enhancing store traffic and brand exposure.

As a result, operating loss increased by NT$38,025 thousand compared to the prior year.

2.Non-operating income and expenses:

Non-operating income and expenses decreased by NT$10,387 thousand compared to the prior year, mainly due to increased foreign exchange losses and losses on disposal of property, plant and equipment arising from store closures, as well as the absence of a one-time gain from disposal of investment recognized in the prior year following the liquidation of a subsidiary.

3.Loss before income tax:

In aggregate, loss before income tax increased by NT$48,777 thousand compared to the prior year.

3. Expected sales volume and basis

The company is primarily engaged in the retail distribution of footwear, leather goods, textiles, and daily necessities. Its main customers include general consumers, the military, government agencies, and corporate purchasers. Future sales volumes will fluctuate according to consumer demand and overall economic conditions. Based on anticipated economic trends and customer demand, as well as the company's store expansion plans for the coming year and the performance of neighboring commercial districts, annual sales targets are established. However, due to ongoing uncertainties in the global economic outlook in the short term, the company maintains a conservative expectation for sales volume in the upcoming year.

4. Possible effect on the future business and finance, and response plans

All of the company's brand business units are currently in the early growth stage. Going forward, the company will adjust to changes in market demand to expand market share and enhance profitability. Business operations are expected to sustain continuous growth, and the financial condition is anticipated to remain strong.

In addition to actively expanding various sales channels to achieve economies of scale, the management team will also focus on increasing product research and design to emphasize product differentiation. By offering innovative and differentiated products and services, the company aims to boost profitability. Therefore, no significant impact on the company's future financial performance and operations is expected.

III. Cash flow

1. Description and analysis of any cash flow changes during the most recent fiscal year,

(1) Parent-only

Unit: NTD thousand

Beginning cash balance (1)	Net cash flow from operating activities for the whole year (2)	Net cash flow from investing activities for the whole year (3)	Net cash flow from financing activities for the whole year (4)	Cash surplus (deficit) (1)+(2)+(3)+(4)	Countermeasures for cash deficit	
					Investment plans	Financing plans
227,532	137,345	1,658	(157,293)	290,242	—	—

Analysis and description
(1) Analysis of changes in cash flows for the most recent year:
Operating activities:
Net cash inflow from operating activities was mainly attributable to decreases in accounts receivable and inventories, as well as an increase in other payables.
Investing activities:
Net cash inflow from investing activities was mainly due to a decrease in financial assets measured at amortized cost.
Financing activities:
Net cash outflow from financing activities was mainly attributable to the repayment of lease principal under IFRS 16 and cash distribution from capital surplus.
(2) Remedial measures for anticipated cash shortfalls and liquidity analysis:
Investment plan: Not applicable.
Financing plan: Not applicable.

(2) Consolidated

Unit: NTD thousand

Beginning cash balance (1)	Net cash flow from operating activities for the whole year (2)	Net cash flow from investing activities for the whole year (3)	Net cash flow from financing activities for the whole year (4)	Effects on exchange rate (5)	Cash surplus (deficit) (1)+(2)+(3)+(4)+(5)	Countermeasures for cash deficit	
						Investment plans	Financing plans
230,468	137,714	(765)	(157,988)	0	209,429	—	—

Analysis and description
(1) Analysis of changes in cash flows for the most recent years:
Operating activities:
Net cash inflow from operating activities was mainly attributable to decreases in accounts receivable and inventories, as well as an increase in other payables.
Investing activities:
Net cash inflow from investing activities was mainly due to a decrease in financial assets measured at amortized cost.
Financing activities:
Net cash outflow from financing activities was mainly attributable to the repayment of lease principal under IFRS 16 and cash distribution from capital surplus. capital surplus.
(2) Remedial measures for anticipated cash shortfalls and liquidity analysis:
Investment plan: Not applicable.
Financing plan: Not applicable.

2. Remedial plans for illiq uidity problems: not applicable.

3. Liquidity analysis for the coming year

NT$: thousand

Opening cash balance	Projected net cash flow from operating activities (Note)	Cash flow for the whole year (Note)	Cash surplus (deficit)	Financing of cash deficits	
				Investment plans	Financing plans
209, 429	122, 355	(27, 118)	182, 311	–	–

Note: Based on the Company's consolidated budgets, not reviewed by the CPAs.

Analysis and description:

(1) Analysis of the expected cash flows in the coming year:

A. It is mainly expected that operating scale will continue to grow in fiscal year 2026, along with the issuance of gift vouchers, resulting in increased working capital. Accordingly, net cash inflow from operating activities is expected to amount to NT$122,355 thousand.

B. It is mainly expected that investing activities in fiscal year 2026 will include financial investments, expansion or establishment of domestic and overseas business locations, and refurbishment of existing operating sites with the acquisition of property, plant and equipment. Accordingly, net cash outflow from investing activities is expected to amount to NT$9,200 thousand.

C. It is mainly expected that repayment of lease principal under IFRS 16 will amount to NT$140,273 thousand.

IV. Material capital expenditures in the last year and impacts on business performance

1. Major capital expenditure utilization and source of capital: none.

2. Expected effect generate: none.

V. Causes of profits or losses incurred on investments in the last year, and any improvements or investments planned for the next year

The Company's reinvestment policy and investment plan for the coming year are mainly based on the shoe retail business related to the Company's business. The Company's reinvestment policy and investment plan for the next year are mainly based on the shoe retail business related to the Company's business.

Unit: NTD thousand

Invested businesses	Business lines	Investment gains and loss	Main reasons of gains and losses	Improvement plan
Shuang Yue Co., Ltd.	Footwear and Bag Manufacturing Industry	(1,430)	The adjustment of the amortization of intangible assets arising from the merger in 2024	The Company will diversify its product development, increase operating revenue, improve materials and design, accelerate innovation and reduce costs.
Learn Jet International Ltd.	Retail sales of garment, shoes, hats, and apparels	977	Medicare products have gradually gained the attentions of consumers, so they turned from losses to profits.	Focus on foot health as the core of development, and the exclusive professional products are introduced, to promote the personalized health management.

VI. Risk analysis

(I) The effect upon the company's profits (losses) of interest and exchange rate fluctuations and changes in the inflation rate, and response measures to be taken in the future:

(1) Interest rate fluctuations

①Effect upon the Company’s revenue and profit:

The Company has sufficient self-owned funds, and the interest expense has been extremely low in the recent two years, so the effect of changes in interest rates on the Company's revenue and profit is not significant.

②Concrete response measures:

As the Company's operating scale and profitability remain stable, the self-owned funds continue to be abundant, and the Company has always maintained good relationships with its banks, the finance is stable and the credit is good, and the Company can also obtain a better interest rate level. It is expected that changes in the future interest rate will have insignificant effect on the Company’s overall operation.

(2) Exchange rate fluctuations

The Company's business involves certain non-functional currencies, so foreign currency (USD) denominated asset investments are affected by exchange rate fluctuations, so the Company is subject to to exchange rate fluctuations significantly.

①Concrete response measures:

The Company always monitors the fluctuations in the stock and foreign exchange markets, and maintains a good interactive relationship with banks. If the exchange loss increases due to exchange rate changes in the future, the Company will adjust the investment amount in a timely manner. Therefore, the effect of exchange rate changes on the Company's profit and loss is limited.

(3) Inflation

①Analysis of the effect upon the Company

In recent years, affected by the rising prices of related resources and materials around the world, the overall economic environment has shown a slight inflationary trend, but no immediate major effect from the inflation upon the Company so far.

②Concrete response measures:

The Company always monitors the fluctuations of the prices in the raw material markets, and maintains good interactive relationships with the suppliers. If the purchase costs increases due to inflation in the future, the Company will adjust the relevant sales price in a timely manner, so the inflationary pressure has a limited impact on the Company's profit and loss.

(II) Policies on high-risk and highly leveraged investments, loans to third parties, endorsements / guarantees, and trading of derivatives; describe the main causes of any profits or losses incurred and future responsive measures:

(1) Policies on high-risk and highly leveraged investments and main causes of any profits or losses incurred, and future responsive measures:

The Company focuses on the operation of the core business, and does not engage in high-risk, high-leverage investments. The Company's financial policy is based on the principle of prudence and conservation, and all investments are implemented after cautious evaluation.

(2) Policies on loans to third parties, endorsements / guarantees, and trading of derivatives; describe the main causes of any profits or losses incurred and future responsive measures:

①Since its establishment, the Company has been committed to the operation of the core business, and has not engaged in high-risk and high-leverage investments.

②The Company has the "Procedures for Loaning of Fund" in place, and the operations comply with the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies." Information on loaning of funds to third parties during the most recent year and up to the date of publication of this annual report:

March 31,2026 Unit: NT$ thousand

Lender	Borrowing company	Related party	The high balance accumulated up to the month	Ending balance	Drawdown	Interest rate interval	Nature of loaning of funds	Reasons of necessary short-term financing	Appropriated allowance for bad debt	Collateral		Limit of loans to individual borrowers	Limit of total loans
										Name	Value		
SHUI-MU International Co., Ltd.	Shuang Yue Co., Ltd.	Yes	2,000	2,000	0	1.50%	Short-term loans	Revolving funds	0	None	0	128,461	256,922

Note: The Company resolved to approve the funds loaned to Shuang Yue Co., Ltd. in the board meeting on May 9, 2026.

③The Company has established the "Operational Procedures for Making of Endorsements/Guarantees," and during the most recent year and up to the date of publication of this annual report, the Company did not making endorsement or guarantee.

④The Company has stipulated the operations for engagement in derivative trading in the

"Operational Procedures for Acquisition and Disposal of Assets" during the most recent year and up to the date of publication of this annual report, the Company did not engage in derivative trading; where any related operation is conducted in the future, the related regulations will be complied with.

(III) Future research and development plans, and the projected expenses

The Company's operating goal is to promote the beauty of customers' feet and lives, and is committed to developing healthy, comfortable, easy-to-wear, and beautiful shoes. The Company also invests in the R&D and design of leather goods, bags, and apparel products, to increase the added value of the products with innovative materials and improved functions and structures, while devoting great efforts to the research and analysis of ergonomics for foot as the basis for product development. In the future, the related research and development of products will be conducted according to the Company's business expansion plans to maintain the Company's competitive advantages.

A.S.O. products continue to implement green material management and maintain continuous investment in product research and development. In addition to further enhancing personalized, multi-service models that precisely address foot-related issues, the Company allocates 2% of its operating revenue to R&D expenses on an ongoing basis.

Key initiatives include the "Upgraded Dynamic Plantar Pressure Measurement System and Service," the "Foot Last Shoe 3D Fitting System Development," and the "Full Customization 3D-Printed Insole Modeling Implementation," among other intelligent technology research projects.

These efforts aim to enhance customers' comfort and quality of life through better foot health and footwear solutions, with the Company positioning itself as a professional benchmark in Taiwan's footwear industry.

(IV) The effect of major policy changes and legal practices, whether domestic or foreign, on the Company's treasury operations and responsive actions:

In recent years, the Company's finances and business has not been affected by changes in important domestic and foreign policies and laws. In addition, regarding domestic and international important policy development trends and legal changes, the Company not only immediately collects relevant information and for the management as the decision-making reference, but also invites lawyers, accountants and other relevant professional units to consult, or commission them to evaluate, advise and plan response measures, to reduce the effects on the Company's finance and business.

(V) Financial impacts and responsive measures in the event of technological or industrial changes

To cope with changes in technologies, the Company has introduced the digitized system into the Company's various operating processes, with constant updating and improvement, to elevate the Company's operational effectiveness and efficiency, including the connection of store channels, stock-in and out of the logistics management, internal operating processes, and integration of upstream and downstream supply chains, among other things. With the trend of networking technology becoming a daily life, the Company has also expanded into the operation of virtual channels, and has engaged in the e-commerce platform of A.S.O Shopping Website (Official Website)、MOMO、Shopline Kimo Shopping Center, bringing new business opportunities for the Company.

(VI) Crisis management, impacts, and responsive measures in the event of a change in corporate image:

The Company's main brand has been established for nearly 73 years. During the period, it has insisted on excellent quality and services, and complied with relevant laws and regulations. There has been no related reports that are detrimental to the corporate image; the Company has a dedicated public relations department to handle related operations.

(VII) Expected benefits, risks and responsive measures of planned mergers or acquisitions

In case of merger and acquisition, the Company will, pursuant to the "Operational Procedures for Acquisition and Disposal of Assets," with prudential attitude toward assessment, to consider whether the merger brings specific synergy to the Company, to fully secure the Company’s interest and the shareholders' rights. The Company had no plan for mergers and acquisitions during the most recent year up to the publication date of this annual report.

(VIII) Expected benefits and possible risks associated with any plant expansion, and mitigation measures being or to be taken

The Company has not established or invested in any plants, and all the products sold are purchased from domestic and foreign excellent OEMs or other traders, so there are no benefit or risk related to expansion of plants.

(IX) Risks associated with any consolidation of sales or purchasing operations, and mitigation measures being or to be taken

1. Risks associated with any consolidation of purchasing operations, and mitigation measures being or to be taken:

   The Company purchases from a wide range of sources. There are at least more than 50 suppliers to cooperate with for each quarter, of which ten suppliers are the major providers. The quarterly purchase from the largest supplier accounts for less than ±10% of the total purchases. From the view of the overall supply chain network, the Company's purchase sources are competitive and there is no risk of consolidated purchases.

2. Risks associated with any consolidation of sales operations, and mitigation measures being or to be taken:

   The Company mainly sells via the self-operated channels; with stores and counters all over Taiwan and outlying islands. As of the publication date of the annual report, the total number of counters has reached 101. The sales targets are general consumers, so there is no risk of consolidated sales.

(X) Effect upon and risk to the company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10 percent stake in the company has been transferred or has otherwise changed hands, and mitigation measures being or to be taken:

There was no instance in which a major quantity of shares belonging to directors, supervisors, or shareholders holding greater than a 10 percent stake in the company is transferred or otherwise changes hand.

(XI) Effect upon and risk to company associated with any change in governance personnel or top management, and mitigation measures being or to be taken: none

(XII) Litigation and non-contentious cases:

1. Major litigious, non-litigious or administrative disputes that involve the company, and have been concluded by means of a final and unappealable judgment, or are still under litigation. Where such a dispute could materially affect shareholders' equity or the prices of the company's securities, the annual report shall disclose the facts of the dispute, amount of money at stake in the dispute, the date of litigation commencement, the main parties to the dispute, and the status of the dispute as of the date of publication of the annual report: none.
2. Major litigious, non-litigious or administrative disputes that involve the r any company director, any company supervisor, the general manager, any person with actual responsibility for the firm, any major shareholder holding a stake of greater than 10 percent, and/or any company or companies controlled by the company, and have been concluded by means of a final and unappealable judgment, or are still under litigation. Where such a dispute could materially affect shareholders' equity or the prices of the company's securities, the annual report shall disclose the facts of the dispute, amount of money at stake in the dispute, the date of litigation commencement, the main parties to the dispute, and the status of the dispute as of the date of publication of the annual report: none.

(XIII) Other material risks and responsive measures: None.

VII. Other Material Issues

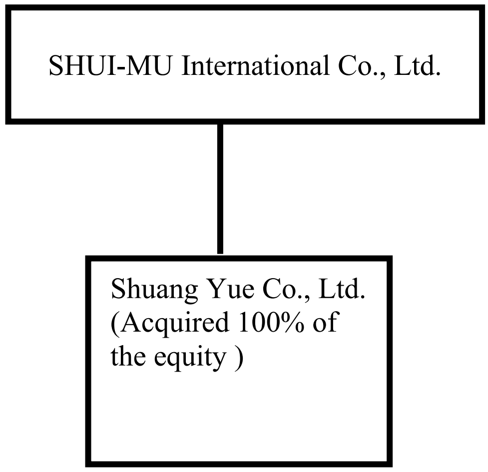
None.

Six. Special remarks

I. Information on affiliated enterprises

(I) Consolidated business report

1. Organizational chart of affiliated enterprises(as of December 31, 2025)



2. Basic information of affiliated enterprises

December 31, 2025

Name of affiliated enterprise	Establishment Date	Address	Paid-in capital amount	Main Business
Shuang Yue Co., Ltd. (Note3)	1992/09/26	6F, No. 168, Songjiang Road, Zhongshan District, Taipei City	NT$4,000 thousand -	Shoes and Bag manufacturing

3. Common shareholders in controlling and controlled companies: none.

4. Businesses covered by affiliated companies
   The business covered by affiliated companies mainly are shoes, leather goods, and apparel transactions.

5. The overview of the operations of the affiliates shall clearly describe the financial condition and operational results of each affiliate

December 31, 2025 Unit: thousand shares

Company name	Title	Name or the Name of Representative	Shares held	Holding percentage
Shuang Yue Co., Ltd.	Chairman	SHUI-MU International Co., Ltd Representative: Jung-Yueh Lo	440	100%
	Director	SHUI-MU International Co., Ltd Representative: Michelle Kuo	440	100%
	Director	SHUI-MU International Co., Ltd. Representative: Mei-Lan Chang	440	100%
	Supervisor	SHUI-MU International Co., Ltd. Representative: Li-Ling Lo	440	100%

6. Overview of affiliated enterprises' operations

December 31, 2025; Unit: NT$ thousand; in NT$ unless otherwise specified

Company name	Paid-in capital amount	Total assets	Total liabilities	net worth	Operating revenue of the period	Operating income (loss) of the period	Current profit and loss (after-tax)	Earnings per share (Note 1) (NT$) (after tax)
SHUI-MU International Co., Ltd.	668,000	1,596,245	929,280	666,965	1,117,949	(108,077)	(97,257)	(1.46)
Shuang Yue Co., Ltd. (Note3)	4,400	3,597	3,377	220	65,034	203	174	0.40

Note 1: Diluted earnings per share.

(II) Consolidated financial statements of the affiliated enterprises

SHUI-MU International Co., Ltd. and its subsidiaries

Declaration for consolidated financial statements of affiliated companies

The companies to be included by the Company in the consolidated financial statement of affiliated enterprises in 2024 (Jan. 1, 2024- Dec. 31, 2024) pursuant to the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" are the same as those to be included into the consolidated financial statement of the parent company and subsidiaries pursuant to the IFRS 10. Further, the related information to be disclosed in the consolidated financial statement of affiliated enterprises has been disclosed in the said consolidated financial statement of parent company and subsidiaries. Accordingly, it is not necessary for the Company to prepare the consolidated financial statement of affiliated enterprises separately.

It is hereby declared

Company name: SHUI-MU International Co., Ltd.

Person in charge: JUNG-YUEH,Lo

March 10, 2026

(III) Affiliation report: none.

II. Private placement of securities

None.

III. Holding or disposal of shares in the company by the company's subsidiaries

None.

IV. Other matters that require additional description

None.

SHUI-MU International Co., Ltd.

Chairman: JUNG-YUEH,Lo